COMMONWEALTH OF AUSTRALIA

Official Committee Hansard

SENATE

ENVIRONMENT AND COMMUNICATIONS LEGISLATION COMMITTEE

Estimates

Public

MONDAY, 4 NOVEMBER 2024

CANBERRA

BY AUTHORITY OF THE SENATE

ENVIRONMENT AND COMMUNICATIONS LEGISLATION COMMITTEE

Monday, 4 November 2024

Members in attendance: Senators Bilyk, Cadell, Cox [by video link], Darmanin, Davey, Duniam, Grogan, Hanson-Young, McDonald, McKim [by video link], David Pocock, Rennick, Roberts, Sharma, Van, Waters and Whish-Wilson

CLIMATE CHANGE, ENERGY, THE ENVIRONMENT AND WATER PORTFOLIO

In Attendance

Senator Ayres, Assistant Minister for Trade, Assistant Minister for a Future Made in Australia

Senator McCarthy, Minister for Indigenous Australians

Department of Climate Change, Energy, the Environment and Water

Executive

Mr David Fredericks PSM, Secretary

Ms Kushla Munro, Acting Deputy Secretary

Mr Simon Duggan, Deputy Secretary

Ms Rachel Parry, Deputy Secretary

Mr Dean Knudson, Deputy Secretary

Mr Sean Sullivan, Deputy Secretary

Ms Luise McCulloch, Deputy Secretary

Ms Lyn O'Connell PSM, Deputy Secretary

Corporate

Finance Division

Mr Robert Hanlon, Chief Finance Officer

Ms Jill Mand, Branch Head, Property, Infrastructure and Physical Security Branch

Ms Michelle Crowther, Branch Head, Financial Management Branch

Ms Rachel Harris, Branch Head, Financial Services Branch

Information and Communications Technology Division

Mr Tim Spackman, Chief Information Officer

Legal

Ms Kate Lalor, Chief Counsel

People Division

Ms Linda McGrath, Chief People Officer

Mr Nathan Hannigan, Branch Head, People Safety, Support & Wellbeing Branch

Ms Stephanie Bourke, Branch Head, Professional, Ethical Standards & Security Branch

Ms Renee Carlos, Acting Branch Head, People Branch

Portfolio Strategy Division

Ms Michelle Croker, Division Head

Ms Dana Sutton, Branch Head, Ministerial Liaison & Governance Branch

Ms Melina Saunders, Branch Head, First Nations Branch

Ms Miranda Lello, Branch Head, Portfolio Strategy & Integration Branch

Ms Anita Agett, Branch Head, Communications and Media Branch

Ms Kristin Smith, Acting Branch Head, National Security and International Branch

Outcome 1

Climate Change Policy, Adaptation and Risk Division

Mr Chris Johnston, Acting Division Head

Dr Nicole Mitchell, Branch Head, Climate Change Policy Branch

Ms Kathryn Smith, Branch Head, National Adaptation Policy Office Branch

Mr Nigel Pinto, Acting Branch Head, Climate Active, Risks and Disclosures Branch

Electricity Division

Ms Kirsty Gowans, Division Head

Ms Mel Pang, Branch Head, Electricity Markets Branch

Mr James White, Branch Head, Branch Head, Consumer Energy Resources Taskforce
Ms Nadia Rosenman, Branch Head, Rewiring the Nation Office
Mr Paul Johnson, Principal Adviser, Rewiring the Nation
Ms Electra Papas, Branch Head, PEMM Review Taskforce

Emissions Reduction Division

Ms Kath Rowley, Division Head
Mr Matthew Ryan, Branch Head, Land and Transport Branch
Ms Kate Lea-Perry, Branch Head, Carbon Crediting Branch
Mr Andrew Hutchinson, Branch Head, Net Zero Taskforce
Ms Alanna Pentony, Branch Head, National Inventory Systems and International Reporting Branch
Ms Megan Surawski, Branch Head, ERAC Secretariat

Energy Performance and Security Division

Ms Clare McLaughlin, Division Head
Dr Peta Derham, Branch Head, Energy Performance Strategy Branch
Mr Chris Videroni, Branch Head, Home Ratings and Disclosure
Mr David Atkins, Branch Head, Industrial and Buildings Energy Performance
Mr Lachlan Bickley, Acting Branch Head, Security, Crisis Response and GEMS

Gas and Liquid Fuels Division

Mrs Paula Svarcas, Division Head
Mr Cris Cano, Branch Head, Liquid Fuels Strategy and Security Policy Branch
Mr Hew Atkin, Branch Head, Gas Markets Branch
Mr Andrew Pankowski, Branch Head, Gas Infrastructure Planning and Policy Branch
Ms Jennifer Anne, Branch Head, Liquid Fuels Strategy and Security Policy Branch

International Climate and Energy Division

Mr David Higgins, Acting Division Head
Ms Lynda Hayden, Acting Branch Head, International Net Zero Branch
Mr Sam Lowe, Acting Branch Head, Renewable Energy Superpower Branch
Ms Sharon Traucki, Acting Branch Head, Strategic Partnerships Branch

International Climate Negotiations Division

Dr Sally Box, Division Head
Mr Aaron Kirby, Acting Branch Head, Climate Operations Branch

National Energy Transformation Division

Mr Matt Minchin, Acting Division Head
Mr Adam McKissack, Branch Head, Office for Energy Economics
Mr Geoff Whelan, Branch Head, Energy System Reforms Branch
Ms Leonie Horrocks, Branch Head, Energy Enablers Branch
Ms Bronwyn Cameron, Acting Branch Head, National Climate and Energy Partnerships Branch

Net Zero Industries Division

Mr Shane Gaddes, Division Head
Ms Catherine Zerger, Branch Head, Hydrogen Strategy Branch
Ms Bronwyn Ray, Branch Head, Decarbonisation Initiatives Branch
Ms Edwina Johnson, Branch Head, Safeguard and Carbon Leaking Review Branch
Mr Paul Murphy, Branch Head, Offshore Renewables Branch

Office of the Capacity Investment Scheme

Mr Matthew Brine, Head of Office

Mr Salim Mazouz, Branch Head, Policy and Engagement
Ms Alison Wiltshire, Branch Head, Delivery and Governance

Outcome 2

Biodiversity Division

Dr Fiona Fraser, Acting Division Head
Dr Ilse Kiessling, Branch Head, Protected Species and Communities Branch
Mr Glenn Block, Branch Head, Natural Heritage Trust Branch
Ms Jacqui Goonrey, Acting Threatened Species Commissioner
Ms Le Trac, Branch Head, Biodiversity Programs Branch

Circular Economy Division

Ms Kate Lynch, Division Head
Mr Cameron Hutchison, Branch Head, Waste and Resource Recovery Policy Branch
Ms Chloë Bird, Branch Head, Supply Chain Initiatives Branch
Ms Rachel Burgess, Branch Head, Chemicals and Atmosphere
Ms Jackie Raynor, Branch Head, Partnerships, Infrastructure and Analysis Branch

Environment Information Australia

Ms Jane Coram, Division Head
Ms Juanita Pettit, Branch Head, Environmental Data and Analysis Branch
Ms Lisa Nitschke, Branch Head, Environmental Economics, Science and Reporting Branch
Mr Brendan Lynam, Branch Head, Environment Information Policy and Strategy

Environmental Permitting and Compliance Division

Mr Andrew McNee, Division Head
Mr Graeme Grosse, Branch Head, Compliance and Enforcement Branch
Ms Kate Elliott, Branch Head, Wildlife, Waste and Environmental Permits Branch

Environmental Water and Aquatic Ecosystems Division

Dr Simon Banks, Division Head

Heritage Division

Ms Michelle Dumazel, Division Head
Dr Wayne Beswick, Branch Head, Heritage Policy Branch
Ms Karen Najjar, Branch Head, First Nations Heritage Protection
Mr James Barker, Branch Head, World and National Heritage

International Environment, Reef and Ocean Division

Ms Katrina Maguire, Division Head
Mr John Foster, Branch Head, Great Barrier Reef Branch
Ms Belinda Jago, Branch Head, Ocean and Wildlife Branch
Ms Suzi Heaton, Branch Head, International Environment Branch

Nature Finance and Market Division

Mr Anthony Bennie, Acting Division Head
Ms Laura Higgins, Branch Head, Nature Finance Policy Branch
Ms Louise Perez, Branch Head, Global Nature Positive Summit Branch
Mr Ryan Wilson, Acting Branch Head, Nature Repair Market Branch

Nature Positive Integration Division

Dr Alison McMorrow, Branch Head, Regional Planning & Landscapes Branch
Ms Katrina Purcell, Branch Head, Environmental Policy Integration Branch

Nature Positive Regulation Division

Mr Bruce Edwards, Division Head
Ms Kylie Calhoun, Branch Head
Ms Kate Gowland, Branch Head
Mr Declan O'Connor-Cox, Branch Head
Ms Rachel Short, Branch Head
Ms Tim Wyndham, Branch Head

Nature Positive Taskforce

Mr James Tregurtha, Division Head
Ms Mahani Taylor, Branch Head, Nature Positive Law Reform and Standards Branch

Supervising Scientist

Mr Keith Tayler, Supervising Scientist

Outcome 3

Australian Antarctic Division

Ms Emma Campbell, Head of Division
Ms Kelly Buchanan, Branch Head, Policy and Strategy Branch
Ms Rhonda Bartley, Acting Branch Head, Science Branch
Ms Jemma Ball, Acting Branch Head, People & Culture Branch
Mr Phillip Boxall, Branch Head, Assets & Technology Branch
Mr Matthew Filipowski, Acting Branch Head, Operations and Logistics Branch

Outcome 4

Environmental Water and Aquatic Ecosystems

Dr Simon Banks, Division Head and Commonwealth Environmental Water Holder
Mr Angus MacGregor, Acting Branch Head, Environmental Water and Southern Basin Branch
Dr Marcus Finn, Branch Head, Environmental Water, Northern Basin and Water Science Branch
Ms Michelle Coll, Acting Branch Head, Environmental Water Policy, Engagement and Wetlands

Agencies and Statutory Authorities

Australian Energy Infrastructure Commissioner

Mr John Sheldon, Interim Australian Energy Infrastructure Commissioner

Australian Energy Regulator

Ms Clare Savage, Chair
Mr Justin Oliver, Deputy Chair
Ms Anthea Harris, Chief Executive Officer
Ms Stephanie Jolly, Executive General Manager, Consumers, Policy and Markets

Australian Institute of Marine Science

Professor Selina Stead, Chief Executive Officer
Dr Richard Brinkman, Chief Operating Officer
Ms Justine Bolton, Acting Chief Finance Officer and Corporate Services Manager
Dr David Wachenfeld, Research Program Director, Reef Ecology and Monitoring

Australian Renewable Energy Agency

Mr Darren Miller, Chief Executive Officer
Mr Chris Faris, Chief Operating Officer

Bureau of Meteorology

Dr Andrew Johnson, Chief Executive Officer and Director of Meteorology
Dr Peter Stone, Group Executive, Business Solutions
Ms Nicole Brinsmead, Chief Information Officer and Group Executive, Data and Digital

Ms Astrid Heward, Acting Group Executive, Enterprise Services and General Counsel
Mr Benjamin Haydon, General Manager, Portfolio Management
Mr Michael Logan, General Manager, National Production Services
Mr Robert Argent, General Manager, Research to Operations
Mr Tim Abrahams, General Manager, Organisational Development
Ms Joanna Stone, Chief Financial Officer
Ms Vicki Woodburn, Group Executive, Australian Climate Science
Dr Karl Braganza, National Manager Climate Services

Climate Change Authority

Mr Matt Kean, Chair
Mr Brad Archer, Chief Executive Officer
Ms Eliza Murray, General Manager, Strategy Branch
Dr Matt Searson, Acting General Manager, Analysis Branch
Mr Joe Hardwicke, Acting General Manager, Corporate Branch

Clean Energy Finance Corporation

Mr Ian Learmonth, Chief Executive Officer [by video link]
Mr Andrew Powell, Chief Finance Officer [by video link]
Mr Simon Every, Director, Public Affairs [by video link]
Ms Michelle Crosbie, General Manager, ACCU Scheme, Vegetation and Analytics

Clean Energy Regulator

Mr Carl Binning, Acting Chair and Chief Executive Officer
Ms Liza Pegorer, Chief Operating Officer, Corporate Branch
Mr Mark Williamson, Executive General Manager, Scheme Support Division
Ms Piet Powell, Acting Executive General Manager, Scheme Operations Branch
Ms Jane Wardlaw, General Manager, NGER and Safeguard Branch
Ms Bronwen Shelley, General Counsel, Legal Services and Governance Branch

Director of National Parks

Mr Ricky Archer, Director of National Parks
Mr Jason Mundy, Division Head
Mr Ranga Parimala, Chief Operating Officer
Dr Barbara Musso, Branch Head, Strategy and Coordination Branch
Mr Shaun Barclay, Branch Head, Marine and Island Parks Branch
Ms Tia Stevens, Branch Head, Uluru-Kata Tjuta & Indigenous Protected Areas
Dr Rebecca Pirzl, Branch Head, Science and Australian National Botanic Gardens Branch
Mr Jonathan McLeod, Branch Head, Kakadu and Strategic Reform Branch
Mr Peter Donohoe, Director, Booderee and Joint Management Strategic Support

Great Barrier Reef Marine Park Authority

Mr Joshua Thomas, Chief Executive Officer
Mr Fred Nucifora Acting General Manager Strategic Policy and Partnerships
Dr Roger Beeden, Chief Scientist, Strategic Policy and Partnerships
Mrs Jameelie Fletchett, Chief Operating Officer, Corporate Services

Offshore Infrastructure Regulator

Ms Sue McCarrey, Chief Executive Officer
Mr Cameron Grebe, Deputy Chief Executive Officer, Strategic Regulation and Improvement
Mr Owen Wilson, Executive Director, Offshore Renewables Regulation

Offshore Infrastructure Registrar

Mr Graeme Waters, Offshore Infrastructure Registrar

Mr Steven Taylor, Director, OEI & Development

Snowy Hydro Ltd

Mr Dennis Barnes, Chief Executive Officer

Mr Roger Whitby, Chief Operating Officer

Sydney Harbour Federation Trust

Ms Janet Carding, Executive Director

Threatened Species Scientific Committee

Professor Iain Gordon, Chair

Committee met at 09:00

CHAIR (Senator Grogan): I declare open this public hearing of the Environment and Communications Legislation Committee into the 2024-25 supplementary budget estimates. I begin by acknowledging the traditional owners of the land on which we meet and pay our respects to elders past, present and emerging. The committee has fixed Thursday, 19 December as the date for return of answers to questions taken on notice.

The proceedings today will begin with corporate matters and general questions of the Climate Change, Energy, the Environment and Water portfolio. Under standing order 26, the committee must take all evidence in public session. This includes answers to questions on notice. I remind all witnesses that, in giving evidence to the committee, they are protected by parliamentary privilege. It is unlawful for anyone to threaten or disadvantage a witness on account of evidence given to a committee, and such action may be treated by the Senate as a contempt. It is also a contempt to give false or misleading evidence.

The Senate has endorsed the following test of relevance for questions at estimates hearings: any question going to the operation or financial position of the department and agencies which are seeking funds in estimates are relevant questions for the purpose of estimates hearings. I remind officers that the Senate has resolved there are no areas in connection with the expenditure of public funds where any person has a discretion to withhold details or explanations from the parliament or its committees unless the parliament has expressly provided otherwise. The Senate has resolved also that an officer of a department of the Commonwealth shall not be asked to give opinions on matters of policy and shall be given reasonable opportunity to refer questions asked of the officer to superior officers or to a minister. This resolution does not preclude questions asking for explanations of policies or factual questions about how and when policies were adopted.

Witnesses are reminded of the Senate order specifying the process by which a claim of public interest immunity should be raised. I incorporate the public immunity statement into the *Hansard*.

The extract read as follows—

Public interest immunity claims

That the Senate—

(a) notes that ministers and officers have continued to refuse to provide information to Senate committees without properly raising claims of public interest immunity as required by past resolutions of the Senate;

(b) reaffirms the principles of past resolutions of the Senate by this order, to provide ministers and officers with guidance as to the proper process for raising public interest immunity claims and to consolidate those past resolutions of the Senate;

(c) orders that the following operate as an order of continuing effect:

(1) If:

(a) a Senate committee, or a senator in the course of proceedings of a committee, requests information or a document from a Commonwealth department or agency; and

(b) an officer of the department or agency to whom the request is directed believes that it may not be in the public interest to disclose the information or document to the committee, the officer shall state to the committee the ground on which the officer believes that it may not be in the public interest to disclose the information or document to the committee, and specify the harm to the public interest that could result from the disclosure of the information or document.

(2) If, after receiving the officer's statement under paragraph (1), the committee or the senator requests the officer to refer the question of the disclosure of the information or document to a responsible minister, the officer shall refer that question to the minister.

(3) If a minister, on a reference by an officer under paragraph (2), concludes that it would not be in the public interest to disclose the information or document to the committee, the minister shall provide to the committee a statement of the ground

for that conclusion, specifying the harm to the public interest that could result from the disclosure of the information or document.

(4) A minister, in a statement under paragraph (3), shall indicate whether the harm to the public interest that could result from the disclosure of the information or document to the committee could result only from the publication of the information or document by the committee, or could result, equally or in part, from the disclosure of the information or document to the committee as in camera evidence.

(5) If, after considering a statement by a minister provided under paragraph (3), the committee concludes that the statement does not sufficiently justify the withholding of the information or document from the committee, the committee shall report the matter to the Senate.

(6) A decision by a committee not to report a matter to the Senate under paragraph (5) does not prevent a senator from raising the matter in the Senate in accordance with other procedures of the Senate.

(7) A statement that information or a document is not published, or is confidential, or consists of advice to, or internal deliberations of, government, in the absence of specification of the harm to the public interest that could result from the disclosure of the information or document, is not a statement that meets the requirements of paragraph (1) or (4).

(8) If a minister concludes that a statement under paragraph (3) should more appropriately be made by the head of an agency, by reason of the independence of that agency from ministerial direction or control, the minister shall inform the committee of that conclusion and the reason for that conclusion, and shall refer the matter to the head of the agency, who shall then be required to provide a statement in accordance with paragraph (3).

(d) requires the Procedure Committee to review the operation of this order and report to the Senate by 20 August 2009.

(13 May 2009 J.1941)

(Extract, Senate Standing Orders)

CHAIR: I remind all senators that, as we continue our work implementing the *Set the standard* report, as chair I will ensure that proceedings are conducted in an orderly, respectful and courteous way. An officer called to answer a question for the first time should state their full name and the capacity in which they appear.

Department of Climate Change, Energy, the Environment and Water

[09:02]

CHAIR: I now welcome Senator the Hon. Tim Ayres, Assistant Minister for Trade, representing the Minister for Climate Change and Energy. Welcome to the committee.

Senator Ayres: Thank you.

CHAIR: Do you wish to make an opening statement?

Senator Ayres: No, I'm sure you're very disappointed to learn.

CHAIR: Very disappointed! Mr David Fredericks, the Secretary of the Department of Climate Change, Energy, the Environment and Water, would you like to make an opening statement?

Mr Fredericks: No, thank you.

CHAIR: Before we commence this fun session of corporate matters and general questions, I remind senators that this part of the program relates to matters concerning central departmental administration, such as building services, ICT, staffing levels and media procurement. Questions relating to individual policies and programs should be addressed to officials when the specific programs are considered in subsequent sessions.

Senator SHARMA: I want to follow up on the open letter that was signed by public servants relating to Gaza. I think you were asked and answered a question on notice about that. From what I understand, a total of eight staff identified themselves as employees of your department who signed that open letter?

Mr Fredericks: I'll ask the chief people officer to take up your questions and we'll see where we go.

Ms McGrath: The department reviewed the list of signatories and identified those eight as having listed the department or a title similar to the department, such as 'federal public servant', 'environment sector'. We also crosschecked against our employee list to determine the act, and that was as at 19 June.

Senator SHARMA: You identified eight who were portfolio employees? What was the most senior level of those staff?

Ms McGrath: I don't have the levels at hand, but they were all what we would consider junior employees.

Senator SHARMA: So not SES staff?

Ms McGrath: No, there were no SES staff.

Senator SHARMA: Was guidance provided to these employees by yourself or other parts of the department after it was learned that they signed this open letter about their obligations under the APS Code of Conduct?

Ms McGrath: Yes, that's correct. All of those eight employees were contacted and reminded of their obligations as public servants, including being provided with the APSC social media guidelines. We also did communications to all staff through departmental newsletters as a reminder.

Senator SHARMA: Was any other action taken with respect to these eight employees?

Ms McGrath: There was one employee who had spoken directly to the media. They had an additional conversation to remind them of the importance of public servants being perceived as impartial and reminders about the department's approach to media inquiries.

Senator SHARMA: Have you had any communication with the Australian Public Service Commission about your handling of this subsequent to the general guidance they issued to departments?

Ms McGrath: My staff often talk to the APSC about our approach. I think I'd have to take on notice whether we directly ask them about the letter, but it would be normal for us, if we had any points of clarification, to contact the APSC.

Senator SHARMA: Did you form a view on whether the signing of this letter was consistent with APS values and the code of conduct?

Ms McGrath: We deemed it as something that would be appropriate to have a conversation and a reminder with the staff involved. We took into account factors such as the seniority of the staff involved in considering whether it would be a matter that would be referred for code of conduct.

Senator SHARMA: Would it be correct to say that you wouldn't expect these particular employees to sign a similar open letter again? You would consider that an aggravation? Obviously these employees have been counselled and reminded of their obligations under the code of conduct I presume with a view to expressing your opinion that signing such a letter is not consistent with those values. If they were to engage in a similar campaign against government policy again, would we expect more severe disciplinary consequences?

Mr Fredericks: Of course, we'll always judge each case on its merits. There's a degree of the hypothetical in what you're asking, but it's a legitimate question. In the generality, whenever a department like ours approaches a situation like this, we would consider previous conduct. It is relevant; it's not everything.

Senator DUNIAM: Is this the right place to ask about costs accrued to the Commonwealth for the Nature Positive Summit?

Mr Fredericks: It probably isn't.

Senator DUNIAM: It's not?

Mr Fredericks: Let me put it this way: it would be better if you asked it in outcome 2 at four o'clock.

Senator DUNIAM: They'll be able to tell me about costs of artwork and numbers of staff et cetera.

Mr Fredericks: Yes.

Senator DUNIAM: I'm not going to get pushed back—

Mr Fredericks: We're good to go on that when we get there, yes.

Senator DUNIAM: I'll hold you to that. We'll go back to the Environmental Defenders Office. The last time we caught up was on 29 May. Have we had any further reporting from the EDO around your agreements with them and any further grant payments that have been made? Have any payments been made?

Mr Fredericks: Let's deal with grant payments first. I'll get our CFO to deal with that one.

Mr Hanlon: Since the last hearing, the second progress payment was made on 27 June for $1 million. The next progress report, due on 31 October, has been received and is being assessed.

Senator DUNIAM: So, that's the only progress report since 29 May, the report of 31 October?

Mr Hanlon: That's correct.

Senator DUNIAM: The only payment is the $1 million—

Mr Hanlon: That's correct.

Senator DUNIAM: on 27 June. When is the next progress payment due?

Mr Hanlon: On 30 November.

Senator DUNIAM: So at the end of this month. The next report?

Mr Hanlon: The next report after that would be the period from 1 October to end of December. I don't have the exact date, but January or February would be next.

Senator DUNIAM: Sometime in the new year. Are there any further changes made to the funding agreement or how funding was allocated since we caught up at estimates in May?

Mr Hanlon: No, there hasn't been.

Senator DUNIAM: It's as at any changes made following the review post—

Mr Hanlon: At the last hearing, you remember that we did agree with them to insert two more clauses into their contract.

Senator DUNIAM: Yes. Can you remind me what those clauses were?

Mr Hanlon: I can. The first one was that the grantee must ensure that personal, working and legal practitioners comply with all applicable state and territory laws governing the legal profession, including by maintaining certification under the Community Legal Centres Australian National Accreditation Scheme, and ensuring that all its Australian lawyers hold a current practising certificate. That was the first amendment. The second amendment was that the grantee must notify the Commonwealth immediately on becoming aware of any disciplinary proceedings or orders made by a law society or other professional body against the grantee or its personnel engaging in legal practice in Australia; or any adverse comments or findings in a decision made by a court, commission, tribunal, law society or like professional body regarding the conduct and performance of the grantee.

Senator DUNIAM: The report that you received at the end of October would cover off on those matters?

Mr Hanlon: Correct.

Senator DUNIAM: To your knowledge, it only being few business days old, you don't know whether there are any issues raised in that?

Mr Hanlon: Not that I'm aware of.

Senator DUNIAM: But you would be by now if there were any red flags?

Mr Hanlon: The Business Grants Hub would do the assessment. We would wait for their assessment. If there were any red flags that they were concerned about, they may contact us in between. Generally, it's once the assessment has been made.

Senator DUNIAM: A while ago—if it wasn't the last estimates it was perhaps the ones before—we raised foreign sources of funding for the EDO. I think you took on notice whether any advice had been sought from Home Affairs. Have you done that?

Mr Hanlon: In the first instance, we contacted the Business Grants Hub. They advise that they only engage with Home Affairs where programs may be particularly vulnerable to national security risks. If there were any red flags raised during the assessment phase, they are referred to the national security engagement area to determine the risk and which agency they would refer the applicant to. This program did not raise those types of concerns.

Senator DUNIAM: Following our raising questions, there was no further interest on the part of this department to seek further investigation of that?

Mr Hanlon: I didn't contact Home Affairs. I did have a look on the website to determine if there were any red flags, and I couldn't see anything from the donations. Clearly I am not an expert, but there was nothing in there to suggest there was any concern.

Senator DUNIAM: You interrogated on the website the donations received by the EDO?

Mr Hanlon: As far as I can; they're reported in their annual report.

Senator DUNIAM: There are a number that aren't disclosed. Of course, there are reports that have come from overseas, which was the basis of the question. Is that not a cause for concern and therefore seeking further investigation on the part of Home Affairs?

Mr Hanlon: There is nothing that I've seen or been advised of that would lead me to contacting Home Affairs.

Senator DUNIAM: So no further action taken or intended to be taken. Have there been any complaints received by the department about the EDO?

Mr Hanlon: Not that I'm aware of.

Senator DUNIAM: Will you take on notice whether any have been received?

Mr Hanlon: Yes.

Senator DUNIAM: Can we look at official travel between the months of July and December 2023, where it was claimed—if I can get confirmation of this—154 trips costing $1.4 million; is that accurate?

Ms McCulloch: Are you talking about international travel or domestic travel?

Senator DUNIAM: I am talking about overseas flights costing $859,440; hotels, $145,000; and a further $145,000 on domestic travel. It's a mix.

Mr Fredericks: Are you able to give us a source for that so we can make sure we have added that with you?

Senator DUNIAM: Yes. An article by Linda Simalis, dated 22 September 2024, in the *Sunday Telegraph* newspaper titled 'Climate bureaucrats accused of billowing carbon with $1.4 million of trips in six months'. I'm just seeking the veracity of that. Are you familiar with that article?

Mr Hanlon: I am. I don't have that with me, unfortunately. I have the current expenditure; I don't have reference to previous years.

Senator DUNIAM: When you say 'current', is that the quarter we're in?

Mr Hanlon: This financial year, 1 July 2024 to 30 September 2024. Domestic travel was $1.9 million. International travel was $402,000. That was for a total of $2.3 million.

Ms McCulloch: I'd just like to clarify that's departmental officials, not ministerial travel.

Senator DUNIAM: We'll come back to ministerial. Domestic for a full year was $1.9 million?

Mr Hanlon: No, that's for this financial year, 1 July to 30 September.

Senator DUNIAM: So 1 July to 30 September 2024, in a three-month period?

Mr Hanlon: Correct.

Senator DUNIAM: Have you got a breakdown by division within the department for how that money was expended?

Mr Hanlon: I don't believe so, but I can take that on notice. I only have it at the whole level. I can tell you the number of travellers—the trips—at a department level, but I can't tell you—

Senator DUNIAM: Number of travellers and trips, did you say?

Mr Hanlon: Yes, I can tell you that if you like.

Senator DUNIAM: Yes, why not?

Mr Hanlon: Just to clarify, with a trip, if you were to have two legs on a journey, that's two trips; it's not counted as one. A return flight that had two could have up to four.

Senator DUNIAM: It could be four or six?

Mr Hanlon: Yes. The number of trips domestic is 6,651, and international is 436. As I pointed out, particularly with international travel, there are often many legs.

Senator DUNIAM: Yes—not all heading to New York. Did you say the number of travellers?

Mr Hanlon: The total cumulative is 2,390, and 160 international.

Senator DUNIAM: When you say 'cumulative'—where an individual travels from Canberra to Broome, and there might be three legs in that—is it still just one traveller?

Mr Hanlon: That's one traveller. That would show up as three trips.

Senator DUNIAM: Three trips, one traveller.

Mr Hanlon: One way. So return is six. It's just the way it's recorded in the system. When I say 2,390—if you've travelled more than once you're counted more than once in the 2,390.

Senator DUNIAM: We'll come back to ministerial. That is flights you've taken us through. Can I ask for accommodation or hotel costing?

Mr Hanlon: I don't have that break-up. I will have to take that on notice.

Senator DUNIAM: Do you have an overall figure for travel?

Mr Hanlon: Those are the numbers I gave you. That includes accommodation.

Senator DUNIAM: The $1.9 million is not just for flights?

Mr Hanlon: It's travel.

Senator DUNIAM: The $1.9 million includes hotels?

Mr Hanlon: Yes, and that wasn't clear because we talked about applicable within.

Senator DUNIAM: And car hire?

Mr Hanlon: If that's applicable, yes.

Senator DUNIAM: If applicable. In terms of other incidental costs, that's built into it as well?

Mr Hanlon: Not travel allowance. We operate on credit cards; that wouldn't include those.

Senator DUNIAM: So travel allowance isn't paid. The department pays for flights and accommodation, and incidentals are covered on a card?

Mr Hanlon: Yes, and then staff use their credit card for their allowance.

Senator DUNIAM: The credit card costs are built into this $1.9 million and $402,000?

Mr Hanlon: I'd have to check that. I don't believe it is, but I can check with the team behind me.

Senator DUNIAM: If you could, I'd appreciate that. What was the total credit card expenditure for the three months we're talking about?

Mr Hanlon: I might have to take that on notice. I thought I had that figure with me. I'm sure I've got it somewhere, to be honest.

Senator DUNIAM: I am happy to give you a minute or two to find it.

Mr Hanlon: I think my colleague is going to help me out.

Ms Crowther: Were you after current financial year?

Senator DUNIAM: Yes, thank you.

Ms Crowther: Our total expenditure through credit cards is $8.95 million.

Senator DUNIAM: Are you able to tell me how much of that relates to the travel component?

Ms Crowther: I would have to take that on notice.

Senator DUNIAM: What else do we use credit cards for if we're spending nearly $9 million? Is this the same three-month period we're talking about—June to September?

Ms Crowther: Yes. I have the break-up for travel. Corporate travel is through the Diners Corporate under the whole-of-government arrangement, and is $2.5 million. There's been a change in providers. Through our corporate NAB cards as well there has been a further $1.5 million. So $4 million all up is credit card related. In line with whole-of-government policy, payments under $10,000 are generally put on to credit cards. It would be general supplier expense.

Senator DUNIAM: Like stationery, for example?

Ms Crowther: Correct.

Senator DUNIAM: So $4 million related to travel through those two?

Mr Hanlon: Can I just correct that? It's $2.4 million on travel. What Ms Crowther is referring to is the credit card provider changed from Diners to NAB. The $1.4 million relates to all transactions—not travel.

Senator DUNIAM: Working backwards from $8.95 million spent in a three-month period, $2.5 million or $2.4 million certainly is related to travel—whatever figure it was—and $1.5 million through NAB, the new provider, relates to all expenses. Is there a portion of that related to travel?

Mr Hanlon: I don't believe so. It should be separate, because we've captured that as through the Diners system. I can take that on notice. That would also equal the numbers that I gave you just previously—the $1.9 million plus the international travel.

Senator DUNIAM: Are the fares paid for on credit cards as well?

Mr Hanlon: Correct?

Senator DUNIAM: My question around use of credit cards beyond the flights and hotels was incidentals, because we don't pay travel allowance. I just had the aggregate figure. Of that portion, I'm trying to figure out how we break down the $2.4 million into its constituent elements.

Mr Hanlon: I can take that on notice.

Senator DUNIAM: Do we do the carbon offset with our flights? We don't pay for that?

Mr Hanlon: No. We use a whole-of-government travel, which at the moment doesn't have carbon offset.

Senator DUNIAM: Has anyone in the department calculated the emissions related to travel from this department?

Mr Hanlon: Yes. I'll just get my colleague Ms Mand to come up. We can give you the figures from the whole-of-government reporting.

Senator DUNIAM: Yes. Then we'll come back to ministerial travel.

Ms Mand: As reported in our annual report 2023-24, the total emissions for domestic commercial flights was 2,090 tonnes.

Senator DUNIAM: For the department alone?

Ms Mand: That's correct.

Senator DUNIAM: International?

Ms Mand: International isn't currently required to be reported on. That's sort of an evolving policy area within the Department of Finance.

Senator DUNIAM: Does the department of climate change et cetera compile its own data on its carbon emissions with flights or not?

Mr Fredericks: No. The reason we don't is that it is genuinely whole-of-government. If you remember, international flights are done through the finance panel and whole-of-government processes. If I remember correctly—I'll take this on notice if I get this wrong—the Department of Finance is currently working on a whole-of-government international travel policy which will pick up this issue of emissions for whole-of-government international flights, and the sorts of issues that you're touching on. We're all waiting to see what Finance comes up with.

Senator DUNIAM: We'll ask them when they expect to have that done. That's fine. I will move to ministerial travel. For the same period, the expenditure covered by this department for support of ministerial travel.

Ms McCulloch: Ministerial travel is handled by the Department of Finance.

Senator DUNIAM: No costs covered to support the minister in any function?

Ms McCulloch: Not in our figures, no.

Senator DUNIAM: When you identified that the travel earlier was just for officials, is there any ministerial travel that you'd ordinarily support?

Ms McCulloch: Not in the department's figures, no.

Senator DUNIAM: I'm just interested why you delineated between them earlier on.

Ms McCulloch: Between what?

Senator DUNIAM: When we were talking about the $2.4 million figure, you said that's just for officials, not for ministerial.

Ms McCulloch: That's right, because ministerial travel is booked through the Department of Finance.

Senator DUNIAM: I assumed off the back of that there must be something else here, but we'll just go to the Department of Finance for that. Can we go to advertising? Are there any current advertising campaigns being administered by the department?

Ms Croker: We do not have any current advertising campaigns at present.

Senator DUNIAM: Are there any planned between now and the end of the financial year?

Ms Croker: I'm unable to comment.

Senator DUNIAM: Do you want to take it on notice perhaps?

CHAIR: Are there any budgeted?

Senator DUNIAM: Yes. Is there any budgeting set aside for advertising between now and the end of the financial year?

Ms Croker: In terms of advertising campaigns?

Senator DUNIAM: Yes.

Ms Croker: We don't have any budget set aside for a campaign.

Senator DUNIAM: No budgeting for advertising campaigns or communication strategies?

Ms Croker: As a department we do other advertising. For example, we do non-campaign advertising that is information-based. For example, that can include public notices about grant funding applications, recruitment, advertisement and tender notices. We do have funding to undertake those activities.

Mr Fredericks: I think implicit in your question and the sorts of campaigns that are done through the cabinet process that you're aware of from your time in government—I'm very confident that we don't have any budget provided for any such campaign in this department.

Senator DUNIAM: I'll move to staffing. I am interested in an as at nearest date number of staff in the department.

Mr Hanlon: By headcount, as at 30 September 2024 we had 5,410 staff.

Senator DUNIAM: What was the May 2022 number?

Mr Hanlon: I don't have May 2022. September 2022 was when the department formed. Just give me one moment on that. I have that by ASL—not by headcount. If you want August 2023, does that cover it?

Senator DUNIAM: Yes, let's do that.

Mr Hanlon: Because I have the headcount for that. As at August 2023—apologies; I've only written that down for ACT based staff. I'll give you September 2022 ASL, which is 2,827.

Senator DUNIAM: Do you have September 2024 ASL?

Mr Hanlon: I do. It was headcount. I've just read the wrong thing. That headcount number was 2,827 as at September 2022. That's when the staff transferred to the department.

Senator DUNIAM: The headcount was 2,827 in September 2022.

Mr Hanlon: I have just read out September 2024.

Senator DUNIAM: It was 5,410.

Mr Hanlon: I might have to take on notice last year's, unless my colleague has that.

Ms McCulloch: I have the number as at 30 June 2024.

Senator DUNIAM: That's alright. We have the September one, so I think we're okay. Just a breakdown between ACT based staff and external.

Mr Hanlon: Certainly. I can compare this to last year if that helps. As at 30 September 2024, ACT based staff was 3,384. That's a reduction of 94 staff from August 2023, which was the last estimates reporting that I had roughly a year ago. We had 3,478 at that stage. Our staff growth outside of the ACT over that period from August 2023 to September 2024 is 612, including those 94 that transferred outside of the ACT.

Senator DUNIAM: Were those 94 associated with a particular division or was it across?

Mr Hanlon: They're across all of the states. I can tell you the state numbers if you're interested.

Mr Fredericks: Senator, you and I have had this discussion before. I've had this with some of your colleagues as well. We have committed ourselves to really trying to increase the footprint of DCCEEW.

Senator DUNIAM: I was going to ask about locations outside of the ACT. We're talking Melbourne, Sydney, Brisbane. It will be all over the place, I'm sure.

Mr Fredericks: It's generally every state.

Senator DUNIAM: And in Hobart?

Mr Fredericks: Absolutely. Hobart is the second largest.

Senator DUNIAM: That would explain the emails I keep getting! I'm joking; no-one has written to me from your department, except under pseudonyms! Again, I'm joking. What about support for the Special Envoy on the Great Barrier Reef? Can we deal with that here?

Ms McCulloch: I think we'll just have to take that on notice.

Mr Fredericks: It would fall within outcome 2.

Senator DUNIAM: I'll deal with that in outcome 2. That's fine. I'll come back to that.

Senator CADELL: I found out that SES performance agreements and assessments happen. Have you had one this year or in the last 12 months?

Mr Fredericks: There's a system that the Public Service Commissioner and the secretary of PM&C run, and in general terms each year I'm required to agree with them a performance agreement for the year ahead. I'm also required to provide a report on my performance the year past. You have to forgive me on dates, but I think in around May I have a sit-down conversation with the secretary and the commissioner where we go through performance past and performance future. I should say as well that those agreements are also provided to my ministers so that ministers have an understanding of it. I should add also that the conversation that happens between myself and the PM&C secretary and the APSC commissioner is also informed by the two of them speaking to my ministers as well. It's quite a good system. It's not over the top, but it's proper accountability and it is relatively new, to be fair.

Senator CADELL: I just want to go quickly through that process. If you want to move this into outcome 1, I'm happy with that. It doesn't reflect government policy per se on this—

CHAIR: Senator Cadell, we will move formally to outcome 1.1 when you've finished with corporate. We're not going to blur the lines here.

Senator CADELL: In the *Australian* on 20 September 2024, Rosie Lewis wrote an article titled 'Progressive climate fear of nuclear as support takes hold'. In that, Minister Chris Bowen cited departmental analysis to critique the coalition's nuclear energy proposals. What resource was put into that?

Mr Fredericks: If we can take that in outcome 1, that's been traversed in other committees and that's a proper question.

Senator CADELL: I'll move to that in outcome 1.

CHAIR: That concludes the examination of corporate matters for the department. We will release that aspect of the program.

[09:34]

CHAIR: I now ask officers related to outcome 1, program 1.1, Reduce Australia's greenhouse gas emissions, to come forward. Senator Cadell.

Senator CADELL: You may not have heard my question in the last two minutes relating to September 2022 and the modelling of coalition nuclear policy. What assumptions were made by the department? Can you confirm the figures that the minister says of supply cuts between 49 per cent and 80 per cent by 2035? What assumptions were made to come to those figures? How much time was put into that modelling?

Mr Fredericks: Can I just intervene? Strictly, the senator's question is in program 1.2 rather than 1.1. That said, if it's convenient for the committee—it's up to you—all of my officials are here for 1.1 and 1.2.

CHAIR: I'm happy with that if you want to blur the lines.

Mr Fredericks: We might jump around a bit, but a lot of these issues run into each other.

Mr Duggan: You started the question by talking about modelling that the department had done. To be very clear, the department did a set of calculations for the minister based on a set of assumptions that were provided to us. We haven't done any modelling, any analysis, of a nuclear policy. It was simply to perform some calculations on request.

Senator CADELL: Whom provided the assumptions to you? Was it the ministerial office or was it external?

Mr Duggan: The assumptions were provided to us by the minister's office to undertake those calculations.

Senator CADELL: Minister Bowen provided assumptions that he wanted you to calculate an outcome from, but you did not test those assumptions or have any work on that?

Mr Duggan: They were provided by his office. I don't have any visibility of Minister Bowen's direct involvement in providing those assumptions. But, yes, they were provided to us by his office.

Senator CADELL: Has there been any formal request outside of those calculations? Has there been a bigger request to model anything, to investigate anything or to do some work investigating the coalition policy at this stage?

Mr Duggan: No, we have not. There's been no request that's come to the department to model the opposition's policy.

Senator CADELL: That was it? You were given a set of assumptions, you did some calculations, and you handed it back?

Mr Duggan: That's correct.

Senator CADELL: I'm happy with leaving that as it is there. Minister, that's the calculation of the coalition policy. What is the total system cost of Labor's various policies for the 2030 target of 82 per cent renewables?

Senator Ayres: It's a pretty reckless line of questioning, I'd have to say. The reason that the department had to be given a set of assumptions is that we're still waiting, aren't we, for any detail from your team about nuclear power plants and where they would arrive? What is the timeframe? I'm just responding to the last line of questioning.

Senator CADELL: What is the total system cost of Labor's various plans of 82 per cent renewables by 2030?

Senator Ayres: We'll see if we can provide you with some more information about that.

Mr Duggan: In the Integrated System Plan, AEMO publishes system build costs out to 2050. They're the ones that are often referenced. I can provide those costings to you, which is consistent with the government's 2030 target but also net zero by 2050.

Senator CADELL: Is that a total of system costs, though?

Mr Duggan: If you look at the discounted upfront capital costs of all new generation, storage and transmission assets that need to be built between now and 2050, consistent with the net zero, the figure is $142 billion.

Senator CADELL: Is that the total system cost as defined in economic and electricity build-out? Is that the total system cost you're working on?

Mr Duggan: As I said, that includes all the upfront capital costs, all the new generation, all the storage and all the transmission assets between now and 2050. In net present value terms, that is what the total system cost would be through that period. Of course, what that doesn't include is the fuel costs, for example. There's still some gas peaking technology in the system by that stage. It doesn't include the costs in that regard.

Senator CADELL: Does that include the cost of ACCUs and the cost of discounted capital for loans? Does it include carbon offsets? Does it include greenhouse offsets? Does it include Capacity Investment Scheme benefits?

Mr Duggan: It does include, in a sense, the cost of the forgone emissions. There's an emissions valuation that goes into the Integrated System Plan. Over that period, that's expected to be of benefit to consumers in the order of about $3.3 billion.

Senator CADELL: It does include that as a discount?

Mr Duggan: That's my understanding, but I'll have to take that on notice because, again, I'm going off memory on that one. I can come back to you on notice.

Senator CADELL: That's AEMO's costs. Has the department looked at that analysis and made its own value judgment—or its own belief system—and tested the assumptions of that and tested the validity of the AEMO numbers?

Mr Duggan: Yes, we put a lot of effort into looking at AEMO's Integrated System Plan. As I said, it's the one that is consistent in terms of the generation build-out with the government's emissions reduction policies. It is worth highlighting here that in the period to 2050 a very large share of our existing generation capacity will retire, so it will need to be replaced by a technology. In the step-change scenario, the Integrated System Plan maps out what's assessed to be the lowest system cost pathway—the cost that would be lowest for consumers—to achieve net zero by 2050. The figures that I read out around that system cost are lower under that scenario than they would be under the alternatives.

Senator CADELL: But you haven't tested the validity of the costings? You believe that's the lowest pathway?

Mr Duggan: I would make the point that the Integrated System Plan undergoes a very vigorous external testing exercise.

Senator CADELL: But has your department done it?

Mr Duggan: Yes, we do. We interrogate it very carefully.

Senator CADELL: How much of that $148 billion will be government funded?

Senator Ayres: Are you in a position to assist me there?

Mr Duggan: That's the total system cost. As I said, it is $142 billion, not $148 billion. The expectation would be that almost that entire amount would be private sector funded. The reason for that is that at the moment government policy assists really in two fundamental ways. One is through the Capacity Investment Scheme, which provides a revenue underwriting scheme to get projects to financial close. All the financing is provided by the private sector and there's no policy to change that. The other is by providing low-cost concessional finance for the transmission build-out. Again, that's low-cost financing, the benefits of which are passed through to consumers but on the basis of private sector proponents. Where there's state ownership of energy assets, it will provide lower-cost finance through to those state owners. Again, there is no Commonwealth government ownership or funding, with the exception, as you know, of Snowy Hydro Ltd. Marinus Link would be another alternative. Outside of those two examples, there's no additional government capital spend that we would anticipate at this stage.

Senator CADELL: On the 2030 target, the 82 per cent, we've had different conversations over the years about the projection, the step-change and everything like that. Are we on target to achieve that by 2030?

Mr Duggan: As we've discussed in previous estimates, 82 per cent is absolutely fundamental to the government's commitment to the 43 per cent, which of course is consistent with the government's commitments under the Paris Club to keep temperature rise within reach of 1.5 degrees Celsius. So 82 per cent was established as an ambitious target. I think I've given evidence before that we didn't expect it to be a linear pathway. We knew that as we transitioned towards 2030 with the government's investments—and as the private sector gained clarity about the transition pathway—we would see an acceleration. In recent times we are seeing evidence of an acceleration. When we look at what AEMO projects in terms of additional capacity we need by 2030, in terms of generation it's about six gigawatts of utility scale generation and storage that we need per annum. That's about an additional three gigawatts of rooftop solar per annum. What we have seen so far this calendar year—to about mid-October—is about nine gigawatts worth of utility scale solar, wind and storage reach financial close. The Clean Energy Regulator is expecting to see another three gigawatts of rooftop solar added. Again, that gives us some early confidence that we are starting to see that acceleration that we're going to need to see us through to 82 per cent.

Senator CADELL: But we're behind now, aren't we? We have to accelerate or we're not going to get there.

Mr Duggan: We need an acceleration; that's correct. As I said, I think we're starting to see that now.

Senator CADELL: In your different scenarios, you have modelling on whether we're going to reach this 82 per cent target, don't we? We've established that in the past?

Mr Duggan: We watch this very closely. We monitor all different aspects of this. When we look at this annually with respect to the emissions projections, they're scheduled for release before the end of this calendar year. That will provide our latest assessment of the track towards 82 per cent.

Senator CADELL: In your modelling, are there models where we don't make 82 per cent?

Mr Duggan: Certainly not in our central case scenario. We are modelling and we have reasonable expectations that we are seeing the acceleration we need. Our central case is that we can get to 82 per cent.

Senator CADELL: Are there models where we don't?

Mr Duggan: Not that I'm aware of, but my colleague might be able to help me out here.

Senator CADELL: We can say with certainty that we will reach it?

Mr Duggan: We can say with certainty that we think the conditions are in place to see the acceleration that we need to get to 82 per cent. Our central case modelling scenario is that we do reach 82 per cent.

Senator CADELL: Haven't emissions increased over the past two years?

Ms Munro: The latest estimate of Australia's emissions is actually 28 per cent below 2005 levels, and that's in the year to March 2024. That is 0.6 per cent below the previous year. Again, some of the largest sectoral reductions since 2005 are in fact the electricity sector, which is down 23 per cent.

Senator CADELL: We're down 0.6 per cent over two years; is that correct?

Ms Munro: That was from the last inventory report. We do that on a yearly basis. We look at the annual decreases.

Senator CADELL: Over the two years of this government, what's the net?

Ms Munro: I'll just check whether we actually have that figure and whether we need to take that on notice.

Senator CADELL: You mean two inventories ago?

Ms Rowley: That would be so. The emissions are reported on an annual basis. Our official inventories are reported with some lag time, because it takes quite a deal of prep time to pull the data together and do the QA for official inventory reporting. However, we do report more recent data through quarterly updates. If I draw on the data from our quarterly updates, the emissions in terms of the trend year to June 2022, relative to the year to June 2024, are slightly higher, 0.4 per cent higher, in the year to June 2024. They've gone from 438.4 million tonnes to 440.8 million tonnes. This is largely due to the impacts of COVID related restrictions on the transport sector. As you can imagine, due to COVID restrictions, transport emissions stepped down quite substantially through 2020, 2021 and 2022. They've now returned essentially to their pre-COVID levels. There's quite a different trend observable in other sectors. For the electricity sector, stationary energy sector, fugitives and industrial processes and product use, they've all reduced by two per cent over that period of those two years. Waste and land sector emissions have been flat over those two years.

CHAIR: You state that some of those issues are related to COVID. What do those numbers look like when we look at our emissions compared with 2019, before COVID? If we look at that broader trajectory, what does that give us?

Ms Pentony: Emissions during the COVID period were lower. Immediately before that, in the year to December 2019, emissions were at 490.8 million tonnes. In the year to June, I think as Ms Rowley said, they were 440.8 million tonnes. That's a 10 per cent reduction on the year to December 2019. Electricity is down really substantially in that difference; it's down by 15 per cent. Fugitives are down by 16 per cent. The land sector, LULUCF, had a bigger sink at that time. Agriculture has been up since 2019, and the other sectors are relatively flat.

Ms Rowley: In summary, over the last two years there was a very small increase—0.4 per cent—at the aggregate level almost exclusively due to the impact of that transport recovery from COVID related restrictions. Relative to the pre-COVID period, Australia's emissions are 10 per cent below on our latest preliminary estimates from the quarterly report.

Senator CADELL: Can I get clarification on that? You just said June 2024. I haven't seen them published. Have they been published in the last little bit?

Ms Pentony: Those numbers were published as preliminary numbers in the March 2024 quarterly report and will be updated when we do the next quarterly report.

Ms Rowley: They were published a couple of months ago, so they're available on our website.

CHAIR: Senator Waters.

Senator WATERS: I have some questions about the December 2023 update of Australia's National Greenhouse Gas Inventory, and in particular the methodology. It seems there has been a revised methodology for land use in particular. That has magically resulted in progress on targets going from 25 per cent below 2005 levels to 29 per cent below 2005 levels due to that accounting change. I have some questions about the process and the rigour of that accounting change. What third parties did the department consult to peer review those methodology changes?

Ms Pentony: The department worked with third parties who were experts in both the science of emissions accounting for land use and land use change, which is part of our normal process. We go through an extensive process of internal and external quality assurance. I might step back just a moment, if I could. There were three substantial changes to the way that we did the land sector accounting that was included in the inventory report provided to the UNFCCC in April of this year. That flowed through to the quarterly report for December for 2023. One of the changes was an additional year of climate observations from 2022. As that was from the La Nina period, it deviated quite substantially from the average. A second change was that we made improvements to the modelling of crop and grass yields as well as the modelling of perennial and annual grasses within FullCAM. FullCAM is the model that we use to work through the implications of land changes.

Senator WATERS: You said crop and grass. What was the second component again, please?

Ms Pentony: Perennial and annual grasses. We adjusted the modelling to better reflect local climate. The third change was that we adopted emissions factors for crop residues in the agriculture sector using the latest IPCC guidance. That updated IPCC guidance had improved representation of Australia's climate zones. It separated out wet and dry climates. We flowed that through to the inventory. In terms of what that means in terms of methodology changes, the changes to introduce additional climate information is not a methodology change; it's just an inclusion of new data. In terms of the cropland and grassland modelling, we had external experts in inventory reporting and soil carbon modelling. In terms of the UNFCCC guidance, we applied that guidance. In terms of the application of the IPCC guidance, that was guidance that had already been prepared. This will also be reviewed by international experts, we anticipate, next calendar year as part of the UNFCCC process under the Paris Agreement.

Ms Rowley: Your original question was around peer review or external review. All of the changes that were reflected in the December 2023 quarterly were as implemented in the official 2022 *National inventory report*, which was submitted to the UNFCCC in April of this year. The peer review or external review process for our inventory actually occurs as part of the UNFCCC processes. That hasn't happened yet. That happens after every country has lodged their inventory. It's reviewed by UNFCCC and international experts. The results of that external peer review will be published once that's completed.

Senator WATERS: I have some follow-up questions on that second process whereby we make the change and yet it's not verified until next year by the UN. How is it that we can bank the savings before it's even verified?

Ms Rowley: Every year, our inventory represents our best estimate of emissions based on the latest available data, science and methods that we have available, including advice from the international community through the IPCC guidance. Our inventory represents our best estimate. That's what we lodge with the UNFCCC. The numbers that we report publicly and in this committee relate to what we've reported. Every year, the inventory is

subject to an independent review through the international processes. The results of that are public. As far as I recall, there has often been very minor corrections or adjustments made through those processes but no significant revisions to our numbers as lodged.

Senator WATERS: Are you anticipating that this time around there would be similarly minor potential tweaks or is the change that's been made, particularly in relation to the crop and grass yields in the perennial and annual grasses, potentially a bigger methodological change?

Ms Pentony: No, I wouldn't say so. I think we're anticipating the same sorts of feedback. We're confident in the changes that we've made, as we always are. We go through a very careful process internally. We're not anticipating any particular feedback from the UNFCCC on those.

Senator WATERS: Can I infer from your language that this has happened several times?

Ms Pentony: The inventory has a process of continuous improvement. That's one of the requirements of the Paris Agreement, and it has been for a long time. For example, we have an active research program with CSIRO, which is doing field studies and other sorts of analysis to help us make sure that our modelling of the emissions impacts of various land changes are as accurate as they can be. As we get more information and as we refine it, we bring those into the inventory through that annual process and then it's reviewed internationally as well.

Ms Rowley: The numbers go up and down. You referred to the results from the December 2023 quarterly showing that emissions were 28 per cent below 2005 levels on our latest estimate. In our most recent quarterly, the March 2024 quarterly, as a result of updated data from the Australian Bureau of Statistics on beef herds, they found more cows, as we like to say. They updated their estimates of beef herd sizes. Those numbers are higher than the previous numbers estimated. We've flowed those changes through in the March 2024 quarterly. Our latest estimate—because the whole time series adjusted upward—is now that Australia's emissions are 28 per cent below 2005 levels rather than 29 per cent. Again, that's a result of taking the latest available data and flowing that through our inventory so that it represents our best possible estimate of our emissions.

Senator WATERS: Thank you. That's really helpful context. I have a few more specific questions. You mentioned that you had some internal experts review in addition to the UN process. In terms of that domestic review, whom do you get to do that?

Ms Pentony: I'd have to take that on notice.

Senator WATERS: If you could please do so. Are they the same folk that you always use or is it new people this time? Any change?

Ms Pentony: I think it's fair to say that we use a range of experts, depending on the topic that we're looking at. As I said, we have an ongoing research process that we do with CSIRO, but there are other experts who bring particular expertise.

Senator WATERS: If you can, on notice, provide me with the detail of how you select those people to do that crucial work? Coming back to the UN process, I understand that we've submitted it; you said that it went in in April and it will be verified, checked or something next year. How do they do that verification process?

Ms Pentony: Essentially, they assemble a team of experts that review Australia's biannual transparency review, which will include their inventory. They look through and check in some detail the methods that we have published about how we've calculated our emissions and provide feedback about that.

Senator WATERS: Is that feedback ever made public?

Ms Pentony: Yes, those reviews are published on the website.

Senator WATERS: So we can find the preceding ones if we go looking?

Ms Pentony: Yes, that's correct.

CHAIR: If you are going to another topic, can we rotate the questions?

Senator WATERS: This might be quick. It's still about land use. The greenhouse accounts showed the land sector reductions for three years from 2020 to 2023 as exactly the same reductions each year. How is that possible?

Ms Pentony: Are you referring to the quarterly land?

Senator WATERS: I don't know. It's just the three years from 2020 to 2023. It's an annual figure. I presume that it's replicated. You would hope that the quarterly reports say the same thing as the annual report.

Ms Rowley: Could you clarify that it is the emissions from what in particular? There are lots of different categories.

Ms Pentony: Is this for the whole land—

Senator WATERS: I have land sector reductions in toto as having—

Ms Rowley: I don't think that's correct.

Senator WATERS: The September quarter is 16.09466. The December quarter is 16.096466. The March quarter is the same.

Ms Pentony: Apologies. Just to clarify, it's emissions per quarter rather than three annual figures from 2020. I thought that you were saying that the annual figures were the same.

Senator WATERS: Sorry. I correct myself. It's the quarterly figures. Why are they exactly the same? It is the same principle, but it is just different parameters.

Ms Pentony: As Ms Rowley said, we report our emissions through two key sets of publications. We do the annual inventory report, which is how we officially report on our progress to the UNFCCC and Paris processes. Also, to provide more recent and up-to-date information, we also provide the quarterly report. The quarterly report brings in additional data or information where it's available. However, the process for estimating land emissions is very complicated and time consuming and we can't do it every quarter. So we take the most recent estimation of land emissions and hold it steady until we have the next.

Senator WATERS: I understand. Thank you. I definitely have lots more questions, but I am happy to rotate the call. Thank you very much.

CHAIR: Senator Sharma.

Senator SHARMA: I want to continue on the emissions inventory detail if I could. I was going through some of your statistics on the website, the greenhouse gas inventory. In terms of our Paris Agreement inventory emissions, my reading of the figure we reported in 2022 is that it was 432.6 million tonnes CO2 equivalent. Is that correct for 2022?

Ms Pentony: Sorry? Can you say that number again?

Senator SHARMA: It's the Paris Agreement inventory emissions on your greenhouse accounts website. We've got it at 432.6 million tonnes of CO2 equivalent for 2022.

Ms Rowley: Apologies. We're just checking if we have those numbers here. We tend to focus on the quarterlies because they are the latest estimates rather than the inventory. I think I would need to take that on notice to check. If you've got it from the website, then that is our official source and official figures.

Senator SHARMA: Yes, it's is under home emissions inventory and Paris Agreement inventory—

Ms Rowley: In which case I think you're on firm ground there.

Senator SHARMA: I just wanted to check. Is the Paris Agreement inventory reporting the same methodology as used in the quarterly greenhouse gas accounts?

Ms Pentony: Yes, that's right. I just note the things that I mentioned to Senator Waters. There are some things that we cannot update as quickly for the quarterly estimates and so we hold over—sorry. We use different data where it's available, but some data doesn't become available except annually. For example, in terms of facility emissions that are reported through the National Greenhouse and Energy Reporting Scheme, that's an annual process and so we need to use different activity data for the quarterly than we do for the inventory, but the methodologies are the same.

Ms Rowley: If I could make one further clarification. Where we do get new information that can readily be brought into the quarterly, we do that. For example, I referred earlier to the updates to the estimates of beef herds and the consequent increase in agricultural emissions. In our most recent quarterly, we adopted that new time series from the Australian Bureau of Statistics. Our latest estimate of emissions in 2022 is different from that published in our *National inventory report*, which might be accounting for some of the difference in the figures you're hearing. We do bring in new information where that's possible to be done in the quarterly cycle.

Senator SHARMA: But I'm on firm ground in saying our annual emissions were 432.6 million tonnes of CO2 equivalent in 2022, right?

Ms Rowley: As reported in our *National inventory report*, and it's not our latest estimate.

Senator SHARMA: That was how much below our 2005 levels in 2022? I've got it at a 29 per cent reduction.

Ms Rowley: In our 2022 *National inventory report*, the figures reported were 29 per cent below.

Senator SHARMA: As I understand it from the latest quarterly accounts, the total emissions in the year to March 2024 were 440 million tonnes of CO2 equivalent?

Ms Rowley: Yes, and we have also revised the estimates for the year to June 2022.

Senator SHARMA: Can I get you to confirm that figure is correct? March 2024—

Ms Rowley: Yes, we cited it earlier.

Senator SHARMA: It was 440. So, it's increased from 2022 to 2024?

Ms Rowley: As we stated earlier, yes.

Senator SHARMA: I've got about a 1.85 per cent increase, from 432 to 440.

Ms Rowley: Unfortunately, you're comparing two numbers that are not directly comparable. As I said, in the latest quarterly we have incorporated new information on the beef herd statistic.

Senator SHARMA: So you've retrospectively revised the 2024—

Ms Rowley: We revised the whole time series in accordance with UNFCCC rules so that the numbers remain comparable over time. If we only changed the most recent estimates, then every year would not be comparable to the previous years. So, on the June quarterly figures, which are the latest estimates, emissions in the year to June 2022 were 438.4 million tonnes, slightly up from our *National inventory report* figures because of the effect of that revision in beef herd figures.

Senator SHARMA: We've still seen an increase from June 2022 to June 2024, though, of 0.4 per cent, which you cited in your opening remarks, rather than the 1.8 per cent I calculated?

Ms Rowley: That's right.

Senator SHARMA: In terms of progress towards meeting our Paris emissions reduction targets, we're still at 29 per cent or slightly less, 28 per cent?

Ms Rowley: Our latest estimate is we are at 28 per cent below 2005 levels. As I said earlier, the trends at the sector level are quite different and so we're seeing reductions since June 2022 in electricity, in stationary energy, in industrial processes and in fugitive emissions. However, we have seen a significant increase in transport emissions, reflecting that shift from the relaxation of COVID related restrictions.

Senator SHARMA: If I look at the yearly figures under the Paris Agreement and inventory emissions reduction table, I see a reduction from 2017 to 2018 to 2019 to 2020 to 2021 to 2022; I see continued reductions year on year. However, the last two years we've seen emissions increase. Obviously in the years before COVID we were seeing reductions as well. I'm puzzled as to why emissions seem to be flatlining at best.

Ms Rowley: That's because of the trends that I've explained. We saw with COVID, particularly with the restrictions on the economy and particularly on transport, a very big, unusual reduction in transport emissions between 2019 and 2020, and that reduction continued through 2021 and 2022. Since those restrictions have been relaxed, we're seeing transport recover just to the pre-COVID levels, which is where they are about now even as we have seen other sectors of the economy continue that trend decline that we were seeing previously. It's difficult sometimes to distinguish the trend from the noise, and we see noise with COVID being these short-term disruptions and we see the trend through the long term. Our emissions projections are probably the better document to look at when we're thinking about how Australia's emissions are trending over time, taking into account things like the government's policy reforms over the last couple of years. In terms of emissions projections, our estimates for emissions in 2030 have improved from the 2021 emissions projections, which indicated a reduction of 30 per cent by 2030 under the policies in place at that time. In our most recent emissions projections, the 2023 projections, we estimate that emissions will be 37 per cent—30 per cent to 37 per cent, an improvement in the baseline scenario—and a reduction of 42 per cent in the 'with additional measures' scenario, which takes account of the renewable energy target and the fuel efficiency reforms.

Senator SHARMA: I'm conscious that we're short on time, so I wouldn't mind asking you a few more questions. What's our current 2030 target?

Ms Rowley: It's a 43 per cent reduction on 2005 levels by 2030.

Senator SHARMA: How many fewer million tonnes of CO2 equivalent do we need to be meeting by 2030 versus now? We're at 29 per cent now. We need to get to what, sorry?

Ms Rowley: We need to get to 43 per cent below 2005 levels by 2030. That's our nationally determined contribution under the Paris Agreement and it's legislated under the Climate Change Act.

Senator SHARMA: We're at 440 million tonnes of CO2 equivalent now. What do we need to get to?

Ms Pentony: Sorry. I'm just finding that.

Ms Rowley: On the 2023 emissions projections the target is 351 million tonnes. We would need to take on notice the tonne figure based on the latest baseline estimate of 2005 emissions based on all the latest estimates.

Senator SHARMA: We need to get to what—a ballpark?

Ms Rowley: It is a ballpark of 351.

Senator SHARMA: We need to save 90—ballpark?

Ms Rowley: Ninety million tonnes.

Senator SHARMA: Ninety million tonnes over the next six years. So, we're talking, what, 15.5 million tonnes of CO2 equivalent per year for the next six years? I appreciate this might not be linear. Do our current projections have us meeting that? You said our current predictions have us 37 per cent down on 2005 by 2030, which is short of our target.

Ms Pentony: Just on the budget basis—our target is expressed both as a point in time target and also a budget basis—the baseline scenario in the 2023 projections had us one per cent above the emissions budget and the 'with additional measures' scenario had us one per cent below that budget basis. As Ms Rowley said before, the baseline as a point in time had us at 37 per cent below 2005 levels and 'with additional measures' it had us at 42 per cent below 2005 levels.

Senator SHARMA: Given emissions have been flat for the last two years, I'm struggling to see how we start shaving 16 million tonnes of CO2 equivalent per year from now until 2030. You've cited a whole number of reasons why emissions have been flat, but I don't understand what changes.

Ms Rowley: There are a few things that change. The first is that the government is pursuing policies to achieve 82 per cent renewables by 2030 and so measures like the Rewiring the Nation and the Capacity Investment Scheme are anticipated to substantially accelerate the deployment of renewables. They'll provide generation as coal-fired generators exit the system. That reduces Australia's emissions and that's taken account of particularly in the 'with additional measures' scenario from last year's predictions.

Senator SHARMA: I presume generation is about 25 per cent to 30 per cent of total emissions?

Ms Rowley: I understand it's 33 per cent roughly at the moment and it's projected to reduce very substantially over the period to 2030. In addition, we're implementing now and are just at the end of the first year of compliance of the safeguard mechanism reforms, which put binding emissions limits on more than 200 of Australia's biggest industrial emitters. Their emissions limits ratchet down at roughly five per cent per year. That's projected to contribute, in net terms, 50 million tonnes of abatement by 2030 under our 2023 projections. The third thing to note is the fuel efficiency standards, which were legislated earlier this year and which enter into force in January next year, are going to accelerate the improvement in the emissions intensity of new vehicles coming into the Australian market, and that will contribute further reductions in the period to 2030.

Senator SHARMA: When will the next greenhouse gas quarterly inventory be out?

Ms Pentony: It is due out at the end of this month.

Senator SHARMA: Would we expect to start seeing these reductions flow through by that greenhouse gas quarterly inventory? When do we expect the needle to start to turn?

Ms Pentony: The projections are probably the best indicators of the forward and expected reductions in emissions and some of those policies, the safeguard policy in particular, are expected to see really substantial reductions later this decade or in the latter half of this decade.

Senator SHARMA: Aren't we in the latter half of the decade?

Ms Rowley: As I've said, there are short-term disruptions to the economy and there are long-term trends. The next quarterly will show at both the aggregate and the sector level what those trends are and what those short-term fluctuations are doing. As I said, transport post COVID is a significant disruption and so it makes it hard to speculate exactly what the aggregate numbers are. At that sector level, particularly in energy, we are seeing reductions.

CHAIR: Senator Cox.

Senator COX: Can I ask some questions in relation to the safeguard mechanism? Am I in the right outcome area?

Mr Fredericks: Yes.

Senator COX: I know there have been a lot of conversations about the emissions targets. Can you let us know whether there is an action plan based on the current targets and are there any interim targets or some types of goals, measurements and milestones along the way?

Ms Johnson: That's right. As part of the safeguard mechanism reforms, there were targets legislated. They were a decadal net emissions budget of 1,233 million tonnes from 1 July 2020 to 30 June 2030, 100 million tonnes net emissions in 2029-30, and that gross emissions would decline on a five-year rolling average compared with our previous years. They are all legislated targets and we report against those. For example, when the minister amends the safeguard rule, he needs to be satisfied that the rule amendments comply with those legislative targets. So, we publish each time the rule is amended; we publish tracking against those targets.

Senator COX: Who's providing the tracking in relation to those?

Ms Johnson: It's a combination of both my team and Ms Pentony's team looking forward. We also draw on the data from both the CER and the inventory.

Senator COX: Given that the safeguard mechanism has been referred to as supplying strong levers to drive the onsite abatements, particularly for industry in states like my home state of Western Australia, there are conversations around the monitoring of emissions, particularly for some of the newer projects, you might say, are in the pipeline. Do any of those currently fail to meet the current targets?

Ms Johnson: I might take a step back and explain. We've set the 4.9 per cent standard decline rate that Ms Rowley referred to earlier. We set that on a basis to assure ourselves that those legislative targets that I mentioned will be met. That takes account of both existing facilities and increases in production at those existing facilities as well as new entrants. We've taken account of the projects that we're aware of and consider are likely to come on board this decade as we talk about those decadal budgets. Then we've added in a reserve to assure ourselves that, if there are higher than expected increases in production from either new or existing facilities, we're still able to meet those emissions reduction targets. As at the latest rule amendment, the reserve stood across that emissions budget period at 16 million tonnes. So, we have baked in assumptions about the sorts of new projects I think you're referring to within the base figures as well as built in a reserve to give ourselves that additional assurance.

Senator COX: Your reference to the facilities is the 215 that are responsible for the 28 per cent of current emissions for Australia; is that correct?

Ms Johnson: That's broadly right. In the 2022-23 financial year there were 219 facilities covered. That's right. When I spoke about existing facilities, they're the ones I meant, and then we're anticipating new facilities will come on during the decade. Between both my area and Ms Pentony's area we take account of those as we think about the progress against the targets.

Senator COX: It's been recently reported that the safeguard mechanism is compromised, particularly for mining development projects in relation to the diesel fuel tax credits. It talks about how we should actually be having a credit to encourage industry to decarbonise some of their operations rather than having a compromised diesel fuel tax credit that's about the government providing a tax credit for diesel use on private roads. Is the review that's due in 2026-27 going to capture that?

Mr Gaddes: That's a matter for Treasury. Taxation matters would normally be considered by Treasury. We're not doing any work to consider whether or not the review will consider the diesel or the fuel tax credit scheme in 2026.

Senator COX: Has the department provided any advice to Treasury in relation to that?

Mr Gaddes: To the 2026 review on fuel tax credits?

Senator COX: Yes, that's correct.

Mr Gaddes: No.

Senator COX: Do they intend to or is that something that—

Mr Gaddes: I think it's fair to say that 2026 is a fair way away and we're not ready to start the terms of reference for the 2026 review at this stage.

Senator COX: My issue is that we continue to say we're trying to send a signal to industry to reduce their emissions in order to meet our climate emissions target, particularly the 4.9 per cent each year that has been set by your government, yet we're not doing the policy work to inform a possible way in which we can improve tax credits to encourage industry to do that. Is that what you're saying?

Mr Gaddes: I have one clarification and then I'll pass to Ms Johnson, who will have more detail about that matter. We're the Public Service. We don't represent the government. We're here to support either government. I just wanted to clarify that we're independent. Then Ms Johnson may have—

Senator COX: That's great. I can probably hear from the minister then. The minister could possibly answer that rather than the public servants.

Senator Ayres: What I heard, Senator Cox, was you ask the official a policy question, which of course he is not in a position to answer, and he outlined why. All I can say is that I think the Prime Minister has indicated this is the view of the government. Changes in relation to the diesel fuel rebate are not something being considered by the government. If there are questions more broadly about the diesel fuel rebate, that probably is a question for Treasury, but there is nothing I can say beyond that.

Senator COX: I think Ms Johnson was going to give—

Ms Johnson: I'm happy to give you a sense of how we've designed the safeguard mechanism to create that material incentive for onsite abatement, which the act requires. That's really about the certainty that onsite abatement provides facilities. As you know, the ACCU price is something that moves. We've designed it so that facilities are incentivised, wherever possible, to undertake onsite abatement. The 2023 projections indicated that onsite abatement would represent 78 million tonnes to 2030 under the safeguard mechanism and then an additional 181 million tonnes between 2030 and 2035. We do think there is that incentive to undertake activity to bring in place onsite abatement wherever possible for these facilities. We'll be carefully tracking that over that decade as well.

Senator COX: Can I quickly ask a question around an example of Black Mountain's fracking project in the Kimberley. It's been reported that there are discrepancies around the way they report their climate emissions in their application. It's been noted that there was only one environmental survey that makes the submission which, in fact, is contrary because two surveys have actually been conducted. What is the department's approach in relation to how they assess those and also against the safeguard mechanism? What are their checks and balances in relation to ensuring they are actually going to meet their emissions targets?

Ms Johnson: There are really two aspects to that question. The first is about any state based environmental approvals. Then if it's a project that's captured by our Commonwealth environmental approvals, that part of the question is probably best directed to our colleagues in Outcome 2 in terms of environmental approvals. When we think about the safeguard mechanism, any project that starts that emits over 100,000 tonnes scope 1 emissions each year will be automatically captured by the safeguard mechanism. The Clean Energy Regulator has in place a really rigorous set of reporting requirements and monitoring and verification as well as compliance and enforcement provisions to ensure that those project emissions are appropriately captured under the National Greenhouse and Energy Reporting Scheme and then managed in accordance with the safeguard mechanism obligations. There are those two aspects that, regardless of what a facility has put in its environmental approvals, if it emits over 100,000 tonnes scope 1 emissions a year, it will be captured by the safeguard mechanism, and the Clean Energy Regulator has a range of compliance and enforcement mechanisms that it can put in place to ensure that those emissions targets, as set under the safeguard mechanism, are met.

CHAIR: We'll need to rotate the call, Senator Cox, but I'm happy to come back to you. Senator Pocock.

Senator DAVID POCOCK: Thank you very much for your time this morning. I've got some questions about the expert methane reporting panel that Minister Bowen announced on 26 August. Have the panel members been appointed other than the lead, Professor Cathy Foley?

Ms Pentony: We're still working through the terms of reference for that panel and that will give us some insights into the range of expertise that we'll need for panel members. It's got quite a complicated set of issues that it will need to consider. We want to make sure that the terms of reference are appropriately balanced to ensure it's an achievable outcome but also covers all the issues that need to be considered.

Senator DAVID POCOCK: When will the terms of reference be completed?

Ms Pentony: That will be a decision for the government.

Senator DAVID POCOCK: Have the terms of reference been provided to government?

Ms Pentony: We've been working on terms of reference, including in consultation with the Chief Scientist.

Senator DAVID POCOCK: Has that been presented to government yet or not?

Ms Pentony: Not for a decision at this stage.

Senator DAVID POCOCK: When do you expect to have that work done in the department?

Ms Pentony: As I say, we want to make sure that we have the terms of reference right—

Senator DAVID POCOCK: I understand that.

Ms Pentony: and so we're working through that. I don't have a particular time frame at this stage.

Senator DAVID POCOCK: Why is it taking so long if the Albanese government acknowledged 18 months ago—I think it was March last year—that methane is a big problem and we have to look at it. Why are we now scrambling on terms of reference?

Ms Pentony: The minister asked the Climate Change Authority to look at methane estimation as part of the CCA review. That review reported, I think, in December of last year. We have been carefully working through the government response to that review, including commitments around the expert panel, and now we're going through the process of working through what the expert panel will need to consider.

Ms Rowley: If I could just add that the government response was released in July, but the government has actually been taking action to improve Australia's arrangements for methane emissions reporting and transparency relating to that reporting all year. I don't think it's fair to characterise our work as scrambling. The government has already made changes to the National Greenhouse and Energy Reporting Scheme to phase out the use of method 1, which is the least technically sophisticated method for fugitive methane emissions from coal from open-cut mines for mines covered by the safeguard mechanism. We've already introduced an additional method 2.

Senator DAVID POCOCK: When will they come into effect?

Ms Pentony: The phase-out will apply for the largest producing coalmines covered by the safeguard mechanism from 1 July 2025 and then for the remaining coalmines covered by the safeguard mechanism from 1 July 2026.

Senator DAVID POCOCK: Given the safeguard mechanism applies to the biggest emitters—100,000 tonnes a year—why are you now delineating between safeguard mechanism mines?

Ms Pentony: Why did we phase it? The method 2, which is the method that we expect those mines will need to move to, is quite a complicated and sophisticated method. It requires safeguard facilities to undertake detailed sampling and then build a model of the coal seam of the mine that they will be extracting from. That is going to require specialist expertise, which is limited in Australia. The phase-in approach was to make sure that we could direct that expertise to the biggest, most material mines in the first instance with the other mines to follow thereafter.

Senator DAVID POCOCK: I imagine even the smaller mines are owned or have some ownership by multinationals, who are subject to fast, more stringent methane reporting in other jurisdictions.

Ms Pentony: I can't speak to what they're doing in other jurisdictions, but, in the context of the National Greenhouse and Energy Reporting Scheme, that's a legislated mandatory system. It's very prescriptive. We made a judgment that we wanted to make sure that the biggest, most material mines had access to the experts they need in Australia and the specialist skillset they need to build their models and transition across. We prioritised those mines with the other mines to follow shortly afterwards.

Ms Rowley: In terms of the suggestion that other countries might have much better systems than Australia, I'd be interested in the basis of that claim. As far as we're aware, the National Greenhouse and Energy Reporting Scheme that we have is one of the most technically sophisticated schemes of its type in the world, including in relation to fugitive methane emissions estimation. We have direct measurement, which is mandatory for underground mines. We apply the highest IPCC—

Senator DAVID POCOCK: What about—

Ms Rowley: if I could just finish—method tier, which is the most technically sophisticated method for open-cut coalmines, and we're currently the only country in the world to use this advanced methodology. The IPCC's highest method tier is also used for oil and gas extraction, and Australia is one of only eight developed countries to use such methods. We think that our system for estimating and reporting on emissions, including fugitive methane emissions from coal and gas extraction, is very strong. Following the CCA's recommendations and the government response, we are working to further improve it, including by commissioning new science to continue to improve both Australia and international understanding of the emissions from those activities.

Senator DAVID POCOCK: I take your point. You'd know better than most, if not any, that the issue in Australia is not underground. We know that they're reporting on those things and often that's a big safety issue and so there's a real imperative around that. The issue is with some of these big open-cut mines we have extraordinary fugitive emissions, which we're starting to see on methane satellites and will have a very material impact on our inventory. I'm concerned we're not moving fast enough given the pace at which we need to move this decade and the impact that these fugitive emissions will have—a far bigger impact in the critical decade from methane than from CO2, as you know.

Ms Rowley: One of the things I referred to was our handling of fugitive emissions from open-cut coalmines. As I said, we use the highest IPCC method tier for open-cut coalmines, and we're the only country in the world to use that advanced methodology. In addition, the changes that I was saying the government has already implemented in relation to the greenhouse and energy reporting scheme, following the CCA's review, to phase out the use of method 1, which is the less technically sophisticated method for fugitive emissions from open-cut coalmines. This is an area where we have an active work program.

Senator DAVID POCOCK: I commend the government on the commitments. I'm just really keen to see that it's delivered. On the delineation between safeguard mechanism facilities, which I'm concerned about, my view is that if you are one of the 215 captured in the safeguard mechanism you're on the hook. I'm interested if you consulted or did any work looking at whether or not international experts could be brought in to Australia by multinationals who own these companies to actually ensure that this happens sooner rather than a sort of phased approach.

Ms Pentony: We consulted with a range of people in Australia.

Senator DAVID POCOCK: The government went through a public consultation process where we articulated what we were proposing to do with those amendments. There was, I think, a fair bit of feedback both from industry and from other organisations about then proposal to phase out method 1. On the basis of the feedback that we received and the government's own analysis we concluded that doing it in a phased way was the most appropriate way to get the best, most robust estimates of Australia's methane emissions from open-cut coalmines.

Ms Rowley: That process is subject, because it's a regulatory arrangement, to a regulatory impact assessment where we look at the costs and the benefits, including both the compliance costs but also the benefits to Australia from having improved emissions reporting. That's all on the public record in the associated policy documents.

Senator DAVID POCOCK: Thank you. I appreciate your work and look forward to seeing it continue.

CHAIR: Senator Darmanin.

Senator DARMANIN: I have one follow-up on this issue that you've just been talking about. Can you just take us through what are the levels of uncertainty and challenges in using satellites for measurement for emissions from particular facilities? For example, how they account for weather, clouds, local winds, and if there are differences with the emissions at a particular time, and how you account for all of the emissions over a year? Are the rates of fugitive emissions constant, basically?

Ms Pentony: Yes, it is quite a complicated space, and I suppose also a rapidly evolving space. We've been monitoring new atmospheric approaches for estimating methane emissions for a few years now, and that initially focused very much on the use of satellites. But increasingly there are new technologies, including sensors that are mounted on planes, on drones, ground based sensors and those sorts of things. You have a growing range of estimation approaches that broadly bring together some kind of technology that detects or senses methane in the atmosphere that will need to have a sampling regime. That's coupled then with modelling, which has a range of inputs. So, as you said, things like wind speeds and things, because you're looking at methane in the atmosphere which is moving around. All of those things together as well as, as you say, the conditions in which they're used will influence the degree of competence that you have about any particular estimation. That's why the work of the expert panel will be so important so they can systematically work through each of those things and look at what we know about the technologies at the moment, the different circumstances where they might be more or less applicable. For example, satellites don't work well when there's cloud cover. They can't detect methane over water. Drones and planes will have different but other limitations as well. So, the expert panel can look at all of those things and provide advice to government. Importantly, they can also provide advice on what additional research is required or what additional sorts of improvements in technology might be required to make best use of those technologies. The government has also committed to a research study that would look at a controlled release of methane in a way that simulates an open-cut mine and then test these various measurement approaches against that controlled release. So in a circumstance where you know what the methane is you can see how accurate different technologies are. That study will also consider how things like weather might impact on those accuracies.

Senator DARMANIN: Ms Rowley, I think you mentioned that for Australia this is a world first in terms of our approach. What work is being done in collaboration with other countries such as IMEO in this area?

Ms Rowley: Australia is a member of IMEO, and I sit on their implementation committee. They're doing a range of studies as well, including point based controlled release studies, where you have a single source of methane and that will be detected by different technologies. The advancement from the study that Australia has

committed to is that it will be the first of its kind that we're aware of that is simulating an open-cut mine. That is really important, because open-cut mines are very difficult to measure emissions from. I think you mentioned before the amount of methane they're emitting varies over time. It's a very diffuse source. They're quite complicated to estimate emissions from, and you can't use the sorts of technologies that you can use in, say, underground mines. If I could just note for the record, IMEO is the International Methane Emissions Observatory.

CHAIR: Senator Cadell.

Senator CADELL: We mentioned earlier in questioning about the pathway to the 82 per cent reduction target and coming slightly under, and additional measures. You mentioned the vehicle emissions reduction scheme. In previous estimates, you added those extra emissions to get to the 82 per cent. Given the negotiations, that didn't cover the original scope; they dropped the emissions by about a third on that. Does that affect your calculations for getting to the 82 per cent now? We were where we were plus that plus that equals 82 per cent. We've now done a trade-off on the emissions scheme. Does that make us fall short now?

Ms Rowley: I think you're referring to the 43 per cent emissions reduction target rather than the 82 per cent renewables target.

Senator CADELL: Yes, that's my fault.

Ms Rowley: In relation to the outlook, you're correct to say that when we did the 2023 emission projections the design of the new vehicle efficiency standard wasn't yet complete. Incorporated in the 'with additional measures' scenario, not in the baseline, the estimate is based on what was under consultation at that time. The final design of the scheme was different. In our 2024 emissions projections, we will take account of the final design, because it's now legislated that will appear in the baseline scenario of the 2024 projections. You're right; as it was noted in the regulatory impact assessment released by our colleagues in the department of infrastructure, transport and many other things, the estimated abatement from that policy in 2030 moderated slightly. It went from six million tonnes in 2030 to four million tonnes in 2030, in a national aggregate level. So it's a small reduction in the abatement from that measure. A number of other things have changed over the course of the last 12 months. Our 2024 projections will give our best estimate of 2030 emissions given current policies and the current international outlook.

Senator CADELL: Has anything else moved from additional to baseline now other than that one?

Ms Rowley: with the Capacity Investment Scheme, its expansion was, again, a work in progress when we did last year's projections. The 82 per cent renewable energy target was included in the 'with additional measures' scenario but not in the baseline. This year it will be included in the baseline given the progress in the policy reforms.

Senator CADELL: If 82 per cent is in there in full—and I'm noting some delays in things going forward—what happens if we don't get to that 82 per cent? Is then the 43 per cent calculation also wrong?

Ms Rowley: So, the 43 per cent is a legislated emissions reduction target, and so that's fixed regardless of—

Senator CADELL: What happens if we don't meet it? What are the consequences if we don't meet it?

Ms Rowley: The 82 per cent?

Senator CADELL: The 43 per cent.

Ms Rowley: We would not have met the legislated emissions reduction target and we would not have met our nationally determined contribution. But it's a hypothetical.

Senator CADELL: Are there any contract or otherwise problems or consequences for penalties for Australia if we don't get that 43 per cent?

Ms Rowley: Australia has not contracted with anyone to meet the 43 per cent target.

Senator CADELL: So, I'm a naughty boy; I haven't cleaned my room. Nothing happens?

Ms Munro: This is about the commitment of all countries to the Paris Agreement.

Senator CADELL: I understand what it is. Are there consequences—

Ms Munro: This is the mission and target of this government. There are, of course, consequences in the sense of setting targets, good faith commitments; highest possible ambition is actually what's required under the Paris Agreement.

Senator CADELL: So—consequences? Are there financial consequences to Australia if we don't meet it?

Ms Munro: I guess there are considerations in terms of what would investment look like. Previously, there were concerns in terms of where Australia was heading, and the lack of capital attraction that was coming into this country. So, there's always a range of factors.

Senator CADELL: But there's no specific—

Ms Munro: No, there's not a financial penalty under the Paris Agreement. That's not the way the Paris Agreement works.

Senator CADELL: To get to 43 per cent, we are now relying on the entire 82 per cent renewable thing in baseline. If we don't get there, we don't meet 43 per cent, is that under the new baseline scenario?

Ms Rowley: I'd characterise it in a different way. The government has committed to 43 per cent reductions by 2005 levels, and that's our legislated target and our Paris Agreement commitment. In addition, the government is implementing a suite of policies and measures right across the economy to achieve that target. The 82 per cent renewable energy target is an important contributor to that policy suite, but it's not the only measure. When we do the emissions projections—bringing it back to that—we assume that policies are implemented as per the government's commitments and legislation and other actions taken, including investments. We don't run alternative scenarios assuming that official policies are not met. That's a longstanding practice and it's been the same over the course of the past 20 years.

Senator DUNIAM: So, you say no alternative scenarios are modelled? Under the safeguard mechanism there's a financial penalty for a business that doesn't make the required reduction in each year or whatever measure of time it is. So there has been no modelling done on anything other than full success and full adherence to the profile of emissions reductions?

Ms Rowley: I'd note that the 2022 emissions projections had a baseline which did not include the safeguard mechanism. That took account of the current trends and then looked at what the safeguard mechanism reforms might do in the 'with additional measures' scenario. In the 2023 projections, the safeguard, having been legislated and in implementation, was migrated into the baseline scenario. But the emissions projection still produces quite a bit of detail about the safeguard mechanism's impact on the relevant facilities and sectors. It looks at what the trends are and where we think the abatement will come from, both on site and through the use of eligible credits. In the 2024 projections, again, the safeguard will be in the baseline scenario.

Senator DUNIAM: What are the scenarios that are outside the baseline still as additional measures when you've released this report? So, if we're moving vehicle emissions into baseline and we're moving this into baseline, what still sits in additional measures? What programs?

Ms Rowley: The 2024 projections are still being finalised. We have not yet got the final settings for all of the scenarios, but they will be published by the end of this year.

CHAIR: When we talk about the implications of not reaching targets, there would be—I think you sort of touched on this—implications in terms of how we're seen internationally and our credibility. I would imagine that would be quite a significant driver to achieve those targets, because of course investment in Australia is really important from overseas, but also our credibility on the national stage. I know people have worked very hard to improve that in the last couple of years.

Ms Munro: Thank you for the question. I think a number of statements that you made are absolutely correct in terms of what does that mean for Australia's standing, critical factors in terms of investment. Maybe just as one point, in setting the 2035 target and the next set of nationally determined contributions, we know that these are very critical signals that also are sent to the investment community. You have to think about what are the investment plans for the country. What we didn't touch upon actually earlier was also the very significant investments made under the government's Future Made in Australia package. The net zero transformation aspects of that really do look at the comparative advantage of Australia and the economic opportunities. I do think understanding economic impacts which are also positive and where and how that draws in the investment capital are critical to the considerations the government is giving to what it does now but also into the medium to longer term.

CHAIR: So maybe a slightly bigger impact than not cleaning your room. We will take a break now.

Proceedings suspended from 10:52 to 11:07

CHAIR: We'll now return to programs 1.1 and 1.2 combined, as we had previous to the tea break. Senator Waters.

Senator WATERS: I've got methane accounting questions to start off with. In March 2022 the government signed the methane pledge to reduce methane by 30 per cent below 2020 levels by 2030. However, according to

our greenhouse accounts, our methane levels are higher now than they were in 2020 and also higher than when the minister signed that pledge in 2022. Can you run me through what actions have been taken or will be taken that will see us meet that pledge in just six more years?

Ms Rowley: We might start with the Global Methane Pledge and then turn to domestic measures.

Mr Higgins: As you rightly point out, Australia is a signatory to the Global Methane Pledge; there were 158 at last count. The pledge is a collective commitment. It doesn't require individual participants to reduce emissions by any prescribed level.

Senator WATERS: It doesn't sound like much of a pledge.

Mr Higgins: That may be the case, but it does speak to the intent to galvanise support for, and a focus on, methane emissions reduction, which was the underlying objective and the motivation for the call. Australia continues to be a participant in it along with the other 158, but it doesn't require us to take on a specific national reduction target.

Senator WATERS: We did, in fact, sign saying that we would reduce methane by 30 per cent. Surely there is some level of compulsion to adhere to that, whether it's legal or otherwise?

Mr Higgins: No, that isn't what signing the pledge requires. It's about a focus on methane emissions reduction where that is best focused. In Australia's case, that doesn't require us to reduce emissions by 30 per cent. It requires us to focus on methane emissions reductions where there are opportunities—

Senator WATERS: To what extent? To any extent? Not to 30 per cent?

Mr Higgins: It is not to any specific extent and to also contribute to global focus on methane emissions reduction, including through approaches in the developing world, including where there are opportunities to reduce methane emissions significantly at relatively low cost.

Senator WATERS: So we have to focus on it, but not to reduce. However, we can tell other countries to reduce. Is that what you just said?

Mr Higgins: The pledge goes to the notion that methane is an aggressive greenhouse gas. It is not something that has had the necessary degree of focus in the international realm, according to the proponents. The pledge was around increasing that focus on methane emissions reduction. In Australia's case, the government chose to join the pledge because it recognises that methane is an important climate pollutant and recognises the need to focus on methane emissions reduction, but it doesn't require the government to reduce methane emissions in our domestic system by any particular amount.

Senator WATERS: Is the government committed to reducing domestic methane by 30 per cent by 2030?

Mr Higgins: It is not taking on a prescribed target with respect to methane emissions reductions. It is, indeed, along with other greenhouse gases, something that there is a degree of focus on, and Ms Rowley talked about some of that before the tea break.

Senator WATERS: I was listening before the tea break. Thank you. I'm just a bit confused. I thought we'd signed up to reduce methane, but it sounds like we're actually not signed up to do any such thing. Why did we sign, then? What is being done? What is the commitment to reduce methane? By when? Is there one?

Mr Higgins: Under the Global Methane Pledge, there is not. It is an aspirational collective target to focus on methane emissions reductions over the period to 2030, but it is not and nor has the government taken on a specific methane emissions reduction target under that pledge.

Senator WATERS: Is there any commitment under any other pledge? Do we have any commitments nationally to reduce domestic methane emissions?

Mr Fredericks: What we have is action. To give you a sense of the impact a pledge like that has on our domestic system, which I think is the crucial thing for us, do you mind if Ms Rowley would give you an answer to the first part of your question, 'What has the government done since signing that pledge?'

Senator WATERS: Thank you, but I might also get what was actually a subsequent question, 'Do we have any commitments to reduce methane?' Yes or no.

Ms Rowley: Our national emissions reduction target relates to all greenhouse gases covered under the Paris Agreement. Methane is included and reductions in methane emissions will contribute to achieving our 43 per cent emissions reduction target. We don't have sector or gas specific targets. We have a national aggregate target—

Senator WATERS: Despite signing the pledge?

Ms Rowley: and so methane is counted as part of our national inventory. It is a significant share of our national emissions and our emissions reduction target relates to all sectors, all gases. In terms of things—

Senator WATERS: And that's the target that you said you're on track to not quite get to 43 per cent; the best case scenario is you'll get to 42 per cent, and worst case is you'll get to 37 per cent, which I think was the result of your earlier responses; is that right?

Ms Rowley: I wouldn't characterise the scenarios that way. I would say that the 2023 emissions projections baseline, which included all of the policies which had been fully implemented to that point, got us to 37 per cent by 2030, and the 'with additional measures' scenario, which added policies that were then under consultation or further development—so fuel efficiency standards and the Capacity Investment Scheme as part of the 82 per cent renewable target—got us to 42 per cent. We'll do the next round of projections to be published by the end of this year. I will now come back to your original question, 'What has happened?' Some of the key reforms that do bear upon Australia's methane emissions include the safeguard reforms. Many of the emissions covered by the safeguard mechanism are methane emissions and so the safeguard facilities emissions baselines include their methane emissions, and those baselines ratchet down by, as Ms Johnson was explaining earlier, 4.9 per cent each year.

Senator WATERS: Year on year.

Ms Rowley: There's also been—

Senator WATERS: Can't they buy unlimited offsets in relation to methane emissions under safeguard?

Ms Rowley: The safeguard does allow the use of both safeguard mechanism credits, which come from other safeguard facilities, reducing their emissions to be below their baseline, as well as credits from the Australian Carbon Credit Unit Scheme. They're eligible units to be used for safeguard compliance. That's correct.

Senator WATERS: I'm not confident that you'll see methane reductions there, so tell me about some of the other things that might work.

Ms Rowley: If I could note, under the Australian Carbon Credit Unit Scheme, again, a significant share of emissions reductions comes from reducing methane emissions from waste facilities, including landfills. So, we are seeing emissions reductions of methane from both the safeguard through the onsite reductions that occur at safeguard facilities and through the Australian Carbon Credit Unit Scheme through eligible activities under that program. The government also has the Resources Methane Abatement Fund and the Powering the Regions Fund, which have awarded more than $40 million to develop and demonstrate technologies to cut methane emissions from the coal industry. The Net Zero Resources Sector Plan, which is currently under development, is considering stakeholder perspectives on opportunities and approaches to reduce methane emissions from the resources sector more broadly.

Senator WATERS: But without an actual target for reduction for that specific gas?

Ms Rowley: No. As I said, our target is national and it covers all gases and all sectors.

Senator WATERS: But not specifically methane?

Ms Rowley: No.

Senator WATERS: Is there a need for a methane specific target, given we've signed up to a pledge that, on first blush, sounds like we have committed to reducing it by 30 per cent but it turns out that pledge was meaningless?

Ms Rowley: I think what matters for climate change is the aggregate greenhouse gas emissions that the atmosphere sees, including all gases, which includes methane of course. We won't get to net zero if we don't reduce our methane emissions.

Senator WATERS: Indeed.

Ms Rowley: Equally, we will not get to net zero if we don't reduce our carbon dioxide emissions, our nitrous oxide emissions and our other synthetic greenhouse gases.

Senator WATERS: Dr Cathy Foley, the Chief Scientist, reviewed methane measurement regimes and she's confirmed what other independent analyses have also found, that we are, in fact, drastically underreporting methane emissions. I'd like to know how that will impact the safeguard mechanism.

Ms Pentony: Sorry. Can you just repeat that question? Did you say Dr Foley has already reviewed?

Senator WATERS: Yes.

Ms Pentony: Can I ask what you're referring to?

Senator WATERS: I have a link here and I'm afraid I can't give you that detail.

Ms Pentony: Dr Foley has been appointed to chair an expert panel to look at new measurement approaches to methane, but I'm not aware of her having reached any conclusions about that.

Senator WATERS: I can look that up. Nonetheless, other independent analyses have found that methane is generally unreported, which is clearly one of the reasons we now have a methane panel. I'd like to know what implication, if any, that will have for safeguard baselines or any other policy lever. How will that affect those things?

Ms Rowley: I might start with the initial point and then my safeguard colleagues might like to add. I don't think it's correct to say that we have an expert panel because we are dramatically underestimating our methane emissions.

Senator WATERS: Whatever. If emissions are being underestimated, how will that affect the sector?

Ms Rowley: There are new technologies emerging which might support different and better emissions monitoring over time. The expert panel is going to be taking a look at what they do, how well advanced those technologies are and to what extent, if any, those technologies might be helpful in improving our estimates of Australia's emissions over time. We can't assume the outcome before the work has been done. We are commissioning scientific research to better understand those technologies, and the insights from that will inform international practices with respect to emissions estimation and reporting, as well as then flowing through from changes in international guidelines and how we estimate emissions in Australia where that's relevant. With respect to the changes and how that might affect safeguard, I'll refer to my colleagues.

Ms E Johnson: As we've heard this morning, from 1 July 2025, safeguard mechanism facilities that produce more than 10 million tonnes of coal will need to transition off method 1, and then other safeguard mechanism facilities will need to do so from 1 July 2026. Therefore, the impact of the changes on the safeguard facilities emissions will not be known until they actually move to method 2, and that will be from 1 July next year. Then the 2025-26 reporting period is the first time that we'll really receive the impact from those facilities that have moved at that point. Whilst we've had some discussions with such stakeholders on where the safeguard baselines should change and how we would go about doing those, it really is important that we have the data to get a sense of the change at the facility and aggregate level to give us a sense of really working through that issue. We're in a slightly tricky position at the moment where we don't know the direction and scale of those changes at that aggregate level to allow us to provide advice on how and whether baselines should change. It certainly is something we are conscious of and watching very closely.

Senator WATERS: If the baseline does change, what happens if they've exceeded that baseline because they've been underreporting? Will they have to pay the penalty or will it be forgiven?

Ms E Johnson: I think at the moment that is a hypothetical question, except to say that, once a baseline is set, compliance is required against that.

CHAIR: Senator Rennick.

Senator RENNICK: My question is about contracts for difference. In particular, I would like to know how much the federal government intends to subsidise these contracts for difference through AEMO.

Mr Duggan: Can I clarify? Your question is specifically about the Capacity Investment Scheme?

Senator RENNICK: Yes. It's the contracts for difference, the long-term energy service agreements basically, LTESAs, the innovative contracts.

Mr Duggan: Both the Commonwealth and New South Wales have agreements with AEMO Services Limited for the provision of effectively revenue underwriting support. The Commonwealth instrument is the Capacity Investment Scheme. You referred to the LTESAs. That's a New South Wales run scheme that's also administered by AEMO Services. I am very happy to answer questions about—

Senator RENNICK: How much is the federal government underwriting that scheme?

Mr Duggan: In volume terms, the federal government has committed to underwriting 32 gigawatts worth of renewable and generating storage capacity.

Senator RENNICK: So 32 gigawatts?

Mr Duggan: That's correct.

Senator RENNICK: What's the cost of that in dollar terms?

Mr Duggan: The cost isn't disclosed in the budget papers for the reason that, having disclosed the total volume, disclosing the cost would then give you a sense of what the average price would be per gigawatt. Effectively, that would prejudice the competitiveness of the negotiations were we to publish a figure. Effectively,

as I said, what we need to see is highly competitive auctions with the private sector going through the price discovery process and bidding in at the lowest possible price.

Senator RENNICK: Isn't this taxpayers' money that you're using to underwrite renewables?

Mr Duggan: It sits as a contingent liability on the Commonwealth's balance sheet. If wholesale electricity prices fall to a level below what an individual proponent had put forward through their tender arrangement as the strike price that they are bidding at in order to receive revenue underwriting support, then there would be an implication for the Commonwealth government in terms of payments that would need to be made under those contracts. At the point where the contracts are set, as I said, it's a contingent liability; it's a balance sheet.

Senator RENNICK: Why should the taxpayer have to underwrite the private sector for renewables, given that we're constantly told by the government that renewables are cheaper? Why does the federal government—maybe you can answer this, Minister—have to have the taxpayer underwrite privately owned energy providers?

Senator Ayres: I might let Mr Duggan answer on the detail about what the mobilising principles are under the CIS and the way that the incentives are structured to deliver the fastest possible rollout of the lowest cost—

Senator RENNICK: Why would renewables need incentives given they're already cheaper? I'd call it a subsidy, wouldn't you?

Senator Ayres: I'm going to take the approach for these estimates where you'll ask questions which you're entitled to ask and I'll answer them and you won't interrupt me.

Senator RENNICK: This is Senate estimates for senators to ask questions and for ministers to answer them.

Senator Ayres: There you go again. As I indicated, the principle here is to achieve the highest possible volume of the lowest cost form of electricity. I would have to say that the last two years of demonstrated improvement in new generation capacity coming into the grid does contrast with the previous government's 'hands off the wheel' approach. We are determined to do what is required to maximise the utilisation of low-cost generation. Mr Duggan can talk to you about the details of how the scheme works and how the contracts for difference provide that incentive.

Senator RENNICK: I understand how it works. I wanted to know the cost, so let's go to that issue. Why do you think the Australian taxpayer shouldn't be made aware of the risk in terms of their dollars as to how much they're going to underwrite this generation capacity?

Senator Ayres: I think the taxpayers are aware.

Senator RENNICK: They're not aware because we've just heard that they're not being told.

Senator Ayres: As I said, if you want to shout over the top of me, that's fine. However, you won't get answers to your questions.

Senator RENNICK: I'm not getting answers now. I just asked a question.

CHAIR: Senator Rennick, ask your questions and then please allow the minister to answer them. It is up to the minister how he chooses to answer the question. You can continue to question him if you would like further information.

Senator RENNICK: Thank you, Chair.

Senator Ayres: Four gigawatts out, one gigawatt in—that was the result of a decade of people sitting on their hands in terms of energy policy. This government has—and I think we've traversed some of this detail this morning; I'm not sure whether you were listening or not, and Mr Duggan's in a position to go through the detail—a significant amount of new capability coming in. That requires government leadership. It requires government action. It is anticipated that the cost that is attached between now and 2050 of achieving the government's targets will largely be met by the private sector, but I'll let Mr Duggan deal with the detail.

Senator RENNICK: No, that's fine. I'll leave it at that. I'd like to move on to my next question. New data from Cornwall Insight has projected that the Australian National Energy Market will increase its solar, wind and storage capacity by more than 150 gigawatts by 2043. That's four times greater than the maximum output of the National Energy Market on any given day of 35 gigawatts. How is it possibly cheaper to be building four times potential capacity given that we know wind and solar have a capacity of 25 per cent to 30 per cent? How can you claim it's cheaper to build four times the amount of capacity for renewable energy than it is for baseload energy whereby you get 90 per cent capacity?

Mr Duggan: The AEMO projections are that we're going to see a very significant increase in overall electricity demand going forward. The reasons for that are obviously a growing economy, but also the least cost pathway for many sectors to decarbonisation is through electrification. We are expecting to see a very significant

increase in the size of the electricity grid over the period that you referenced. AEMO, when it looks at what are the various technology choice options available to Australia in order to deliver the supply of electricity needed to meet that demand based on costing work that is done by the CSIRO on the various alternatives, came to the conclusion that the lowest cost option for consumers is renewable energy to replace the retiring coal-fired power fleet supported by various firming technologies—so, batteries, gas technologies, pumped hydro technologies. That combination delivers the lower system cost and, through the lower system cost, ultimately the lowest prices.

Senator RENNICK: We've already identified a number of flawed assumptions with that CSIRO modelling whereby they've excluded all the capex up to 2030. I should add also that back in 2017 they predicted it was going to cost a trillion dollars and then five years later, despite costs increasing, they then scaled it back to $500 billion. Their level of consistency and accuracy needs to be questioned. However, that doesn't come to the heart of the fact that the industry forecasts are that you're going to build 150 gigawatts of supply when we've only got demand of 35 gigawatts. Isn't that an issue in the sense that we're building all of these transmission lines, solar panels and wind turbines because the sun isn't always shining and the wind isn't always blowing? That's going to add an enormous cost to energy prices, isn't it?

Mr Duggan: Just so I understand the question, I thought what I heard from you was quoting today's demand and a future investment need. Obviously when you're looking at balance and you're looking at reliability in the sector, you need to be comparing apples with apples—

Senator RENNICK: I understand that.

Mr Duggan: so you are comparing the demand at the point over the productive life of those new generation assets. That's what motivates investors. They see an opportunity, because they see—

Senator RENNICK: Demand isn't going to increase by a factor of over fourfold in the next 18 years?

Mr Duggan: In fact, AEMO's scenarios do have demand increasing, in fact more than doubling, under their step-change scenario and rising up to four times under the—

Senator RENNICK: What—in the next 18 years? So you're predicting a population increase?

Mr Duggan: Over the next 25 years.

Senator RENNICK: What are you predicting demand to be by 2043 or 2045?

Mr Duggan: In terms of electricity demand, I don't have those figures in front of me, but I'm happy to provide them on notice.

Senator RENNICK: I should add that 35 gigawatts is on a big day. The average output is about 23 gigawatts. So, you're building a lot more capacity for what you need than demand. Anyway, I'll leave that as a statement. I'll move on to the next question.

CHAIR: We need to rotate the call, Senator Rennick, but I'm happy to put you on the other end of the list.

Senator RENNICK: Can I have one more question please?

CHAIR: Very quick.

Senator RENNICK: I appreciate it. I note that the current Albanese government has lent $100 million to Ampol for 200 charging stations, which works out at $500,000 per charging station. Could I please get the details of that loan and what the collateral is? In particular, is Ampol going to underwrite the entire $100 million or is the taxpayer going to wear that cost if it doesn't get repaid?

Mr Ryan: I think the one you're referring to is an ARENA grant, the Ampol one. I think ARENA is on the agenda, so you should direct the question to them.

CHAIR: They're technically on at five past 12.

Senator RENNICK: Okay.

Mr Ryan: If it's the one I think it is, I think it's ARENA.

Senator RENNICK: It's ARENA? It's not CEFC?

Mr Ryan: I think they're on agenda as well.

CHAIR: They are. They're directly after ARENA.

Senator RENNICK: I'll direct this question to you, Minister, as a question of policy. Yet again, why are we subsidising Ampol, which makes a lot of money—it's a private company—to install charging stations? Shouldn't they be doing that themselves?

Senator Ayres: I think it would be better if we had this discussion while the detail was able to be provided by the relevant agency. If it is as you've described it on the face of it a loan from one of those special investment

vehicles, it's not a subsidy; it is the government providing a loan. As you know, these funds are also capable of providing equity injections. The point is to make sure for people who have electric vehicles that the uptake of charging infrastructure out there is as strong as it can be, that we incentivise the smartest, highest tech so that consumers have the best choice in front of them and that we drive down costs for householders who have electric vehicles. It is in the national interest and it's in the interests of consumers to have the lowest cost private transport options available to them, and that's what the government supports.

CHAIR: Senator Rennick, we are moving on now. I'm happy to put you on the back of the list. You've had well over your 10. Senator Bilyk.

Senator BILYK: I'm really interested in knowing where we're going with the electricity prices and what trends there are at the moment. Also, what's happened to the wholesale prices in the past few years? To what extent has that been reflected in the most recent default market offer?

Mr Duggan: Do you have a specific question or would you like me to give you an—

Senator BILYK: Can you tell me about trends in electricity prices and what's happened to the wholesale prices in the past few years and to what extent that's been reflected, as I said, in the most recent default market offer?

Mr Duggan: In 2022, following Russia's invasion of Ukraine, we saw global energy prices increase quite significantly. We saw that in Australia. What we saw in terms of wholesale electricity prices, for example, in the National Electricity Market is that they increased on average around $200 per megawatt hour in 2022. The government, as you may recall, intervened at that point through a couple of measures, one being putting a cap on gas prices, the other being putting a cap on coal prices. The reason for that is it was those commodities that were driving the increase in wholesale prices. The intent was to get to the cause, and by putting a $12 per petajoule cap on gas and a $125 per tonne cap on coal it had the immediate effect of reducing wholesale electricity prices, which as you know feed into the calculations of the default market offer. We saw then wholesale prices fall from an average of $200 a megawatt hour in 2022 to an average of $93 a megawatt hour. Earlier this year we had a number of what AEMO refers to as high-price events where we had, for a period, very cold conditions on the east coast of Australia and we had a period of a paucity of wind, the combination of which saw prices higher in late July/early August. Since then we've seen them moderate. Wholesale prices for September came down to $57 a megawatt hour. If we think about going forward, futures markets would have them remaining broadly at $100 per megawatt hour in New South Wales, Queensland and South Australia, and about $65 to $70 a megawatt hour for delivery in 2025 and 2026. You asked what the implications are of these wholesale prices for the default market offer. What we've seen is for the current financial year the default market offer was reduced by the Australian Energy Regulator in a number of their jurisdictions. In New South Wales, the standing offer price fell from $2,106 to $2,095 for an average household.

Senator BILYK: Sorry? What was the figure it fell to?

Mr Duggan: It was $2,106 down to $2,095, a fall of $11. In Victoria, we saw a fall from $1,755 to $1,655, a fall of $100. We saw some increase in Queensland, and I'll give you that figure: $1,969 up to $2,053. Then when you take into consideration the energy bill relief provided by the government of $300 per household, expanded this financial year to all households, we have bill relief per annum for 2024-25 of over $300 for New South Wales—so a New South Wales household is paying $300 less if they're on a standing offer this year—$400 less in Victoria and about $216 less in Queensland. Then add to that the fact that Queensland, for example, has its own energy bill relief of an additional $1,000, and the decrease there in Queensland is quite significant.

Senator BILYK: There was an assessment done by the office of impact assessment. I think it was the Capacity Investment Scheme policy impact. Are you able to explain to us the expected impact of the policy on the wholesale prices and what were those projected impacts?

Mr Brine: That analysis was published on the office of impact assessment website. Pages 24 and 25 detail the impact on prices of the Capacity Investment Scheme compared to business as usual—a world without the Capacity Investment Scheme. Under all modelled scenarios, the increase in renewable penetration that the Capacity Investment Scheme drives is expected to reduce the marginal cost of generation and lead to a reduction in average wholesale prices. Under the BAU scenario, modelled wholesale prices reduced slightly over time from today's elevated levels. After allowing for increases in network costs, the impact on retail costs may be broadly neutral but are likely to vary across the states with the potential for small increases or decreases depending on the context. In contrast, under the Capacity Investment Scheme, the accelerated rollout of renewables is modelled to reduce wholesale prices by 10 per cent to 20 per cent versus BAU by 2030. Even allowing for increased network costs, these could be expected to result in lower retail costs compared to a BAU situation. Of course, these

estimates over the long term are subject to uncertainty and are dependent on the effective implementation of the scheme.

CHAIR: Senator Davey.

Senator DAVEY: I have questions about the stance on pumped hydro. Specifically, in January 2023, the Prime Minister confirmed his government's backing of the Queensland Pioneer-Burdekin Pumped Hydro project. He was quoted at the time as saying he looked forward to having further discussions with the Queensland government on that project. Were any discussions forthcoming?

Mr Duggan: Prior to Queensland entering into the caretaker period prior to their election, we were in discussions with the Queensland government about how we could utilise the Commonwealth's existing instruments, in particular the Capacity Investment Scheme and Rewiring the Nation, to support an acceleration of renewable energy investment in the Queensland context. Yes, we were having discussions. Of course, a relevant consideration in those discussions was the previous Queensland government's energy policy, and pumped hydro, of course, was a big part of their policy.

Senator DAVEY: Given you were in those discussions prior to the caretaker period, which I appreciate, was the Queensland government providing you with updates on the design and the business case around that project?

Mr Duggan: They did provide us with information on all of the projects that were relevant to the discussion. I would describe it as being at a relatively high level. We didn't receive a detailed business case on that specific pumped hydro project.

Senator DAVEY: Was there any point in time where the department was made aware that the specific Pioneer-Burdekin Pumped Hydro project looked like there would be cost blowouts and time line blowouts?

Mr Duggan: Again, we didn't really have a baseline business case in order to determine what would be a reasonable time frame or what would be a reasonable cost. We were not really in a position to then assess developments in that project and whether they were on track or not, because again we really didn't have the baseline.

Senator DAVEY: The Queensland government had a baseline: a $12 billion project to be delivered by 2035. Were you working towards that original proposal and were you given updates as to how realistic that original proposal was?

Mr Duggan: The level of discussion didn't get into the specific details of costing or time frame on that particular project. The basis of the negotiations was really about how the Commonwealth in general could support Queensland's energy transition. It didn't progress to the point of supporting any individual project.

Senator DAVEY: You weren't getting individual project information, access to business cases or interim reports on projects?

Mr Duggan: Certainly not for that particular project; that's correct.

Senator DAVEY: But on other projects in Queensland?

Mr Duggan: We were also in discussions with the previous Queensland government around the potential to support transmission rollout in Queensland, and we were engaging at a higher level of detail than we were on the pumped hydro projects.

Senator DAVEY: On the pumped hydro—I note the original final design report was meant to be submitted to the Queensland government by the end of 2023. Obviously that was delayed and wasn't forthcoming until as recently as last week. At no point in time were you briefed that particular project was likely to be commercially unviable or that the detailed analytical report was going to be delayed from December 2023?

Mr Duggan: My recollection is that we weren't given that level of detail around this particular project.

Senator DAVEY: The focus has mainly been transmission line rollout across Queensland?

Mr Duggan: It's more advanced. In the Queensland context there are some specific projects that potentially through AEMO's Integrated System Plan present themselves as being actionable. So, that gives us a reasonable basis on which to have a more detailed discussion with Queensland around transmission. It would be fair to say it has been more detailed on that side.

Senator DAVEY: Have you also been having discussions about the wind projects in Queensland, particularly across the areas that have been considered very environmentally sensitive?

Mr Duggan: In the energy group—the support for generation capacity is through the Capacity Investment Scheme—we don't engage directly with state governments around specific projects. If it's a question around environmental assessment, that will be outcome 2.

Senator DAVEY: Outcome 2? I'll cede to my colleagues.

CHAIR: Senator Waters.

Senator WATERS: I have some questions now about community batteries. There were 56 sites that were committed to community batteries. Can I get an update on that program and how that's been rolling out?

Ms Gowans: The $200 million Community Batteries for Household Solar program is progressing and is set to deliver more than the target of 400 batteries. This is a program under the government's Powering Australia plan. The Business Grants Hub is delivering a $29 million program which will deploy the community batteries in 58 locations, and those are the locations that were described in the context of the May 2022 election. ARENA, or the Australian Renewable Energy Agency, is administering the remainder of the grant funding—that's $171 million—and it will be delivering batteries in 342 locations. This is a four-year program from the 2022-23 financial year and will be complete in the 2025-26 financial year. At this stage, under the program delivered through the Business Grants Hub, which is the program that is in the departmental context, not in the ARENA context, there are nine community batteries that are operational. Sorry. I should be clear. Eight of those are under the Business Grants Hub and another one is under the ARENA program. Of the 58 locations, 55 have a battery funded and, of those, eight are currently operational. There are more expected to be operational by the end of this year, and then there will be a very significant acceleration in opening in the early part of next year.

Senator WATERS: What are the locations of the nine that are operational?

Ms Gowans: One of the batteries is in Cabarita, Narara, North Epping, Warriewood, Bondi, Edwardstown and Magill. I think there is another in Cammeray. I'm not sure about the ARENA battery, but I could take that on notice or that could be directed perhaps to ARENA.

Senator WATERS: You didn't say Merri-bek or the Melbourne City Council's Southbank location? What status are those two at?

Ms Gowans: My understanding is that the Southbank battery is essentially ready to be commissioned. Sorry? What was the other one that you said?

Senator WATERS: Merri-bek council?

Ms Gowans: I've just got to check my list. Merri-bek might have another name. I might have to have a look for Merri-bek.

Senator WATERS: If you could, please. When you say 'ready to be commissioned', what has to happen next for it to be turned on?

Ms Gowans: Generally, the network connection has to be finalised in order for the battery to be energised. Of the stages of planning for the community battery, there's an initial stage of community engagement. Then following on from that there is site selection and the necessary approvals that go with the selection of the site, at which point the battery can be constructed. Then the final stage is the network connection and then obviously the ribbon cutting and energisation.

Senator WATERS: That Melbourne City Council Southbank project is at that connection stage?

Ms Gowans: It is and is expected to be commissioned by the end of the year.

Senator WATERS: If you wouldn't mind finding that Merri-bek one, too, I'm interested in where that one is at.

Ms Gowans: Yes, I will.

CHAIR: We are on this outcome for another 15 minutes. If senators could think about what questions they might be able to put on notice, that would be very helpful.

Ms Gowans: I'm sorry. I don't have that one on my list.

Senator WATERS: That is fine. You can take that on notice. Just quickly, the Capacity Investment Scheme is intended to deliver 32 gigawatts of capacity by 2030. I'd like to know how much will be written in contracts before April next year?

Mr Brine: You're asking how many megawatts will be written into contracts by April?

Senator WATERS: Yes.

Mr Brine: We've got a tender live at the moment which is due to finish in December. That's for six gigawatts. There's a tender that's already been completed in SA/Vic for a gigawatt, and there was another trial in New South Wales where the Commonwealth funded 500 megawatts. That should be 7.5 gigawatts. Then there's the WA tender, which should finish in April, which is another 500 megawatts, so eight gigawatts.

Senator WATERS: That's only a quarter of the way there?

Mr Brine: Yes.

Senator WATERS: Why is it so slow?

Mr Brine: That's very fast, really, when you think of it. That's the first auction. The auction is in six months—one-sixth of the scheme of a 32-gigawatt total.

Senator WATERS: When is the 32 gigawatt meant to be delivered? By 2030?

Mr Brine: Yes.

Senator WATERS: And you'll only have eight done by April?

Mr Brine: That's right; April 2025.

Mr Duggan: In addition to that, we just released the market briefs for the November tenders, which between them will tender for another 10 gigawatts. They will be concluded in the middle of 2025. So, on top of the eight you'll have another 10 done by the middle of 2025.

Mr Brine: I think it's a three-year scheme, three years of auctions. In the first 12 months, we will have commenced the tenders for over half of the scheme.

Senator WATERS: You said the 10 gigawatts will be concluded by 2025? Do you mean contracts signed?

Mr Brine: Contracts signed by September.

Senator WATERS: Despite the caretaker period kicking in at the latest in April?

Mr Brine: Yes, that's right.

Senator WATERS: How will you manage that?

Mr Brine: Because the tender proceeds through the caretaker period. The incoming government would have to sign the contract, so it would be a decision for the incoming government as to whether they sign the contracts. But the tender process, once it's approved by the government of the day, commences to completion.

Senator WATERS: Can I quickly ask about some safeguard methodologies. Unfortunately, there have been a lot of coal and gas projects approved since the safeguard mechanism came into force and some of those changes required the emissions of those new projects to be communicated to the climate minister. I'd like to know when that's happened and for which projects? I have a list, but it might be quicker if you just tell me because I fear there's only one.

Ms E Johnson: There was one in August 2023, which I think was spoken about in the previous session, and then there were three which were approved on 24 September 2024. That's the Narrabri Underground Mine Stage 3 Extension Project, the Mount Pleasant Coal Optimisation Project and the Ashton Coal Operations and Ravensworth Underground Mine. They were all, as I've said, approved by the minister for the environment on 24 September 2024. The notifications were sent to the minister for climate change, the head of the Climate Change Authority and also Mr Fredericks, the head of this department, on 8 October 2024, with an amended notification sent about a date change on 10 October 2024.

Senator WATERS: Are those notifications available online?

Ms E Johnson: No, they're not public.

Senator WATERS: Why not?

Ms E Johnson: That's not part of the agreed process.

Senator WATERS: I guess I'll keep asking you from hereon in. Thank you for that.

CHAIR: We'll need to rotate the call.

Senator WATERS: Can I have one final question on that particular issue? You've got four projects in total that were referred out of many more that were approved. I understand that the WA government has just amended its laws so that their EPA doesn't have to consider the emissions impacts of new projects. Their reasoning is that they say the safeguard does that. However, as we know, safeguard only covers scope 1, and that's only for 100,000 tonnes, and if the proponent doesn't provide an emissions estimate, the environment minister can't tell the climate minister what there is because they haven't been told. Have you had any communications with the WA EPA about why they've changed their approach and whether they should, in fact, go back to their original approach?

Ms E Johnson: We've been talking to both the policy agency in the WA government and also the EPA over the course of the reforms. In terms of this change, because it was a policy change, as a courtesy officials from the

WA policy department informed us—they rang us—about four hours before they put that change into their parliament. So, we weren't consulted on it but we were informed. We continue to work with all states to consider the complementarity of the safeguard mechanism with state policies. We had no involvement in that WA decision.

Senator WATERS: Did you advise them of the limits of the safeguard coverage?

Ms E Johnson: Yes. On and off they've been asking us, as many states do, what likely baseline settings will apply for specific WA projects, and we've given them our best understanding of the likely baselines.

CHAIR: Senator Cadell.

Senator CADELL: I want to go to some of the offshore wind programs at the moment and find out where the different zones are. My first question is: between Hunter, Illawarra, Bunbury and Southern Offshore, where are the licensed proposals at? Where are we at with feasibility on each one?

Mr Gaddes: I'll wait until Mr Murphy comes to the table. Can you talk me through which order you want to go in?

Senator CADELL: Whichever order they come in. Alphabetical is great.

Mr Gaddes: We could go in the order in which they've been processed. On Gippsland, obviously, we're through the licensing process and 12 feasibility licences have been issued. I might go to Mr Murphy, who has his notes in front of him now.

Senator CADELL: Hunter would be next.

Mr Murphy: In the Hunter the minister announced a preliminary decision on 20 June 2024 to grant a feasibility licence to one applicant. That's then subject to an opportunity for other applicants to make submissions, which are under assessment by the Offshore Electricity Infrastructure Registrar. In the Southern Ocean, similarly, the minister has made a preliminary decision to grant a feasibility licence to the Spinifex Offshore Wind Farm project. As a preliminary decision, that is going through the Future Acts Regime of the Native Title Act, and so traditional owners have an opportunity to comment on that proposed decision. In the Illawarra in New South Wales, that area was declared on 15 June and feasibility licence applications closed on 15 August. Those applications are currently being assessed by the Offshore Electricity Infrastructure Registrar.

Senator CADELL: What about Bunbury?

Mr Murphy: Bunbury was declared on 30 August 2024. The feasibility licence application period for proposed projects is open until 3 December. Also, I have Bass Strait. The area in northern Tasmania, north of Bell Bay, was proposed on 24 October last year. The public consultation ran through to January 2024. The department has gone through in terms of analysing. We received 270 submissions. We're just preparing the documentation required to support a decision on whether or not to declare the area.

Senator CADELL: With the interaction between offshore and onshore wind, is there a differentiation when we talk about the projections to 82 per cent renewable? Is there a difference in when they say this is what wind is going to bring between offshore and onshore? Is it an allocation of how much offshore should be contributing by 2030?

Mr Murphy: The main thing there is that offshore wind is just starting. The earliest that projects are proposed to reach construction and operation would be around 2030. Offshore wind is unlikely to contribute to the 82 per cent.

Senator CADELL: I agree with that, but is it included in the calculations at the moment that offshore wind will be contributing prior to 2030?

Mr Duggan: Again, using one set of projections for how you get to 82 per cent by 2030, AEMO's Integrated System Plan under the step-change scenario would have zero offshore wind contributing by 2030.

Senator CADELL: When you talked about the consultation, you mentioned a few dates. Whom writes the questions in the consultation that goes out? Is it the department? Is it the regulator? Is it the minister? Whom? I noticed some changes in questions over time for community consultation.

Mr Murphy: The department prepares the consultation material. We've certainly learnt as we've gone. There have been changes throughout the process in the way that we have consulted in each of the six areas.

Senator CADELL: I notice in Bunbury, for example, there was no longer a question as there was in Hunter and Illawarra. Are you supportive of the offshore program? Was there ministerial correspondence about that or was that entirely departmental?

Mr Murphy: In developing our communications products we do have discussions with the minister's office. We also work with our communications area on trying to finalise those things. We're very cognisant of the purpose of the consultation, which is to try to identify the issues that are of concern, both positive and negative, to the community. To be frank, we're less worried about the total numbers that come through that consultation process.

Senator CADELL: Specifically, following from that, has the minister's office or the minister given direction, recommendation or request around specific questions in your consultation?

Mr Gaddes: We would have to take that on notice.

Mr Murphy: I'll take that on notice.

Mr Gaddes: It's quite a long period here, as we've gone through and learned through the process. As Mr Murphy pointed out, we're making sure that the minister has a really good representative sample of the sorts of things which are compatible and not compatible with the zones we're engaging on. At the end of each of the consultation processes, you will have seen the shape of those zones change substantially. That's reacting to the feedback we get through the process. It's not necessarily designed to be a survey on whether or not people like or don't like offshore wind; it's to identify those issues that people have concerns about and allow the minister to change the shape of the zone to offset some of those issues that people have raised.

Senator CADELL: Have you taken on notice whether there have been? If the answer is, yes, can you tell me what those changes requested, required or otherwise are as well? Can you follow up on that on notice?

Mr Murphy: Yes.

Senator CADELL: In offshore wind, we're changing that. Looking at the latest one, Bunbury—and we've gone through the other two—88 per cent of community members had concerns about the environmental impact. I know you're looking for quality of submissions other than just numbers of submissions. What weight is given to such a large weight of people having concerns over those in favour?

Mr Murphy: You can look at the quantity of submissions as an indication of the concerns raised, but some of those submissions are made by associations that represent thousands and thousands of people. There was a CSIRO survey in New South Wales. It was Australia-wide, but it included about 6,500 people surveyed, including in the Hunter and Gippsland. It showed that support for offshore wind was well over 80 per cent, including in areas where the offshore wind is proposed. There was also a study done by the University of Western Australia that, again, surveyed people.

Senator CADELL: Are we talking here about the submissions?

Mr Murphy: It shows us that the submissions are not representative. Where people don't support the project, they seem to attract a higher number of negative submissions.

Senator CADELL: I was asking about how you weight it. This is what you're saying: because you don't think it's representative?

Mr Murphy: No. To be fair, your question was on the decision-maker. What weight did the decision-maker give to each of those? We couldn't answer that because we're not the decision-maker. We compile all of this information for the minister. We go through an exhaustive process in terms of all of the issues that have been raised. He consults with his peers—other Commonwealth ministers—and they might also raise environmental concerns or other issues. We package that up into a brief. As the decision-maker, he applies the appropriate weight that he sees fit to the decision. In all cases he's asked us to reduce the size of the area to deal with some of those concerns that are raised. We couldn't answer a question about what weight the minister gave to any particular part, but we can tell you that the briefing process is exhaustive, that the consultation is exhaustive and that all of the issues have generally been ventilated. You can tell by the number of submissions—and we go through the types of things that are raised—that you have a very good sample of community concerns for the minister to consider.

Senator CADELL: We heard evidence earlier today that, as soon as something is government policy or it's passed, when it goes into calculations it is the gospel truth and it's what's calculated as 100 per cent of the government assumptions. With offshore wind, we're seeing more and more groups pull out. Oceanex has just pulled out of Illawarra. We've seen other groups pull out of other sites. Is there ever a chance where your department is sitting there looking at this and has said, 'We are unlikely to achieve these goals now because the group is pulling out or not going forward in different zones or pulling out of the process'?

Mr Murphy: Oceanex didn't pull out of Illawarra. They didn't apply for the Illawarra round. That was in June; it was a long time ago. These companies will make commercial decisions based on whether or not they've been

successful in another round or they think they might be more successful, because there's only so much capital they can deploy into the zones. The Commonwealth government doesn't have targets for offshore wind.

Senator CADELL: It fits into the overall. AEMO's got a plan where it's not post-2030 that offshore winds coming onboard.

Mr Murphy: We are doing the foundational work now to go through and test the feasibility of offshore wind in a range of different zones. In some of those zones the state government has also made a decision that it is very feasible and they're going to back it in. With Victoria, for example, there's a range of targets and options coming. We're doing the early works in the other states to allow those kinds of options and those kinds of policies to develop.

Ms Gowans: When you refer to it being the gospel truth, what we include—we do annual reviews. If the facts change, our projections do change as well. Just to be clear, that is always subject to ongoing—

Senator CADELL: Only if they have changed; not if they could change?

Senator Ayres: I think that when you asked that question people at the table and myself allowed a towering mischaracterisation of the evidence given this morning to go past, because it was so self-evidently obvious that you were claiming a thing that had not been established. In fact, the evidence that you've been given thus far goes to the government's efforts to explore the feasibility of offshore wind. As Mr Duggan has indicated, that is designed to contribute to the post-2030 environment. I suspect that's why Mr O'Brien said when the Offshore Electricity Infrastructure Bill 2021 was in the parliament that it will help deliver a more reliable, affordable energy system, helping keep the lights on and helping prices go lower. I think that's why he said that. It is harder to square that, though, with his subsequent assertion this year—some of the Coalition backbench must have got to him—'My message to the Albanese government is one that they should rescind the declaration of the Hunter offshore wind zone.' This is more chaotic, reckless energy policy activity from Mr O'Brien and Mr Dutton. I'll allow you to keep characterising the evidence that's been given thus far as you like. I might jump in from time to time when it gets too much.

Senator CADELL: The other characterisation of that is, of course, we could see the incompetency of this government on things like delivering Snowy, doubling of budget, delivery timeframes—

Senator Ayres: It's your project. That's Mr Joyce's project. It's Mr Turnbull's project.

Senator CADELL: Yes, it was going well when we had it.

Senator Ayres: Honestly—

Senator CADELL: Excuse me, Chair? I'm asking a question. Here we are seeing the incompetence in the delivery of government—

Senator Ayres: The Morrison-Abbott-Turnbull catastrophe, bungled utterly—and it's only now been rescued.

Senator CADELL: Given the incompetence of this government in delivery, including the gas—

CHAIR: Senator Cadell!

Senator Ayres: If you've got a question about Snowy 2.0, go right ahead. It was your government's bungled project.

CHAIR: Let's keep it civilised, because no-one can hear the points you're trying to make while you're shouting at each other.

Senator CADELL: Apparently I can let him talk but he won't let me talk.

CHAIR: Let's all just listen to each other.

Senator CADELL: Incompetence cuts a little close to the bone, I think.

CHAIR: If you have a question, Senator Cadell? Then I'm going to rotate the call.

Senator CADELL: I think we had another answer from Ms Munro that was interrupted.

Senator DAVEY: I have a follow-up question in terms of a point that Mr Murphy raised about submissions and the assertion that potentially people who are concerned about a project may be more disposed to make submissions. Mr Gaddes spoke at length about the briefing that is provided to the minister across the board. I'm just a bit concerned that attitude spills into the briefings. Prior to politics, I participated in a lot of submissions, projects and inquiries. Senator Cadell quite rightly asked, 'Do you just dismiss them then?' You're making assumptions about people's inclination to make submissions. A lot of people put a lot of time and effort into making these sorts of submissions, particularly when they're individual submissions and not 'click-here'

submissions. I just want clarity that it doesn't form part of the briefing and that attitude is not reflected when it goes to the minister?

Mr Fredericks: I'll give you that clarity. I think you know this department well in all of our ways. I absolutely stand by the objectivity and professionalism of my team and of the advice that they provide. In many ways, the proof of the pudding is in the eating. You have heard evidence that, as a result of the department and then ultimately the minister giving the proper consideration to input we receive, which we want—we need it; it helps us make the good decisions; it helps us give the best advice—the result of the professionalism of that process and our approach to it has changed the ultimate boundaries of each and every one of these projects. The community can be assured that, when they engage in these processes, they're treated respectfully, professionally and ultimately they are powerful. In this instance, those consultation processes have changed government decisions.

Senator WATERS: I have a few follow-up questions for the previous officers on safeguard calculations. You mentioned the Narrabri underground coalmine that was ticked off six weeks or so ago. In the documentation that was lodged with the New South Wales Independent Planning Commission, it says that even after the company stops mining, which is scheduled to be 2045, the company estimates that the mine will keep releasing a million tonnes of methane for another 20 years. How is that treated under the safeguard mechanism?

Ms E Johnson: The emissions notification that we spoke about earlier does include emissions for scope 1 from 2024 to 2064. Accounting for that period, the mine closes in 2044 and then there's a 20-year period afterwards of the emissions notification, and therefore the emissions projections pick up. Of course, under the safeguard mechanism all baselines are automatically set at zero in 2049-50. If those emissions are still above 100,000 tonnes, scope 1, from 2049-50 the facility will need to manage those. We'll have a compliance obligation to get them back to the baseline of zero. We would need either to reduce them in some way through technology at that time or manage the difference.

Senator WATERS: Despite the fact that they closed the project, they'll have those ongoing obligations?

Ms E Johnson: That's right, exactly.

Senator WATERS: If they can't, do they just pay a fine?

Ms E Johnson: It is a long way out. It would depend on the arrangements in terms of use of safeguard mechanism credits, for example, or Australian carbon credit units at that point as to the compliance options for that period from 2050 onwards.

Senator WATERS: But they'd still have that obligation? They'll acquit it in a potential variety of ways?

Ms E Johnson: Exactly.

Senator WATERS: Will the emissions projection report that's being released next month factor in WA's expanding gas plants?

Ms Pentony: We're working through our projections that will be released later this year at the moment, but we base them on the latest available information we have to us.

Senator WATERS: Does that include the legislative changes that we just talked about where they're removing climate oversight on new gas projects?

Ms Pentony: As I say, we're working through the process at the moment. I would just note that, in the 2023 projections, the overwhelming impact that you saw in those relevant sectors came from the safeguard rather than from other policies at the state level. As I said, we're working through the projections for this year at the moment.

Senator WATERS: Will WA's emissions be upgraded to go up after those legislative changes?

Ms Pentony: The projections will include our best assessment of emissions across all sectors, including the ones that would be impacted by the WA changes. What I'm saying is that the safeguard mechanism is by far and away the biggest impact that you see on emissions from that sector.

Senator WATERS: If we have other states that extend coal plants—say, Victoria and New South Wales—what will that do to the 2030 targets given that they're hanging on electricity sector reductions?

Ms Pentony: When we prepare the projections when looking at emissions from coal production, we take a view about what the likely demand for coal is going to be. Then we look at the facilities in Australia and look at what their production might be. Where there's a gap between anticipated production from known facilities and the demand, we assume that unspecified coalmines come online to meet that demand. The projections don't depend heavily on the specific mines that are currently underway. If there is projected additional demand, we assume projected additional supply to meet that.

Senator ROBERTS: As simply as possible and as specifically as possible, what do the people responsible for outcome 1 at the Department of Climate Change, Energy, the Environment and Water do? What is your basic accountability, especially in regard to energy?

Mr Fredericks: In many ways, I can't do any better than our corporate documents.

Senator ROBERTS: How long is that?

Mr Fredericks: Very short. It's the outcome that we are held to account for by the parliament and ultimately by the ANAO, which is to support the transition of Australia's economy to net zero emissions by 2050; transition energy to support net zero while maintaining security, reliability and affordability; support actions to promote adaptation and strengthen resilience of Australia's economy, society and environment; and take a leadership role internationally in responding to climate change.

Senator ROBERTS: Thank you very much. That's exactly what I was after. What is the total salary package of everyone at the executive?

CHAIR: Senator Roberts, the corporate questions were at 9 o'clock this morning. We've released the corporate people.

Senator ROBERTS: I'll put these on notice.

CHAIR: With that, I will release outcomes 1.1 and 1.2. Thank you for your time this morning. We will ask the Australian Renewable Energy Agency to come to the table as swiftly as possible.

Australian Renewable Energy Agency

[12:22]

CHAIR: Would you care to make an opening statement?

Mr Miller: No, nothing today.

CHAIR: Senator Cadell.

Senator CADELL: I refer to Solar Sunshot straight-up. Can ARENA confirm if any foreign owned companies or foreign linked companies have applied for round 1A of the Solar Sunshot program?

Mr Miller: We're still working through the applications, so I'm not able to confirm anything at this stage.

Senator CADELL: When do the applications close?

Mr Miller: They will close later in December. I think on 10 December round 1A applications close.

Senator CADELL: Are there mandated local content requirements as part of that program?

Mr Miller: Not local content in the literal sense, but we have significant community benefit principles that are embedded in the framework of that program, which do look at local opportunities, jobs, economic activity and the like.

Senator CADELL: But there's no local content requirement as long as they have community benefits?

Mr Miller: Correct.

Senator CADELL: Has there been interest from foreign owned companies?

Mr Miller: To my knowledge so far—just thinking through the list in my mind—the vast majority would be Australian companies. There are probably a dozen that are in our pipeline right now, and I think most of those, if not all, would be Australian companies. I'd need to check and report back to you once the process is more public.

Senator Ayres: Is this like a new coalition hostility to overseas investment position? What on earth is going on?

Senator CADELL: I'm sorry for talking while you're interrupting, but I'll go ahead if that's okay.

Senator Ayres: You asked a question. I'm entitled to ask for some clarification. The objective of this piece of policy is to secure the world's best manufacturers manufacturing in Australia, whether it's Solar Sunshot or other aspects of Future Made in Australia. If that is indeed the line of questioning, the level of sovereign risk presented by an alternative Dutton government is pretty extraordinary. Is there anybody else you want to tell not to bother knocking in terms of delivering Australian jobs? Is there hostility to—

Senator CADELL: Can we rotate the call potentially from the minister, who wasn't asked a question? Do you want to come and sit on this side?

Senator Ayres: Go for your life. It's extraordinary.

Senator CADELL: If you want to go there. I wasn't going to go there, Chair, but I will now thanks to the invitation of the senator. My concern is this: you sent Minister Bowen and Prime Minister Albanese up to the

Hunter Valley. You stood in front of the Liddell Power Station. You spruiked this program and said how great were the comparative advantages we have to manufacture solar panels in the Hunter Valley. The company has since laid off approximately half of its staff. They have gone cap in hand to AGL seeking money to build the shed. They are talking now about assembling solar panels in Australia rather than manufacturing them. They're talking about buying the components and bringing them over sea. When I see world's best practice—when I see taxpayers' dollars going to promote overseas business—I am going to ask questions. It is not about a fear of overseas businesses; it is about promoting overseas businesses and your government using taxpayer dollars to fund overseas businesses. I wasn't going to go there, but you opened that door. Thank you for flying your two private jets up to the Hunter Valley to make an announcement about a company that is incapable as it stands of going through what you're talking about. If I want to investigate that, I will ask questions of the department and I will ask how many overseas companies are buying products from overseas to build in Australia so you can say 'Proudly manufactured in Australia' when that's not the case.

Senator Ayres: Why do you keep talking down Australian capability? Why are you so hostile to Australian manufacturing? What is it about the sort of disinvestment Dutton approach that is so attractive? In terms of the last government, at least Scott Morrison talked about Team Australia. At least he talked about it; he didn't deliver much. You have lost your way.

Senator CADELL: I'll take those questions in order. What have I got against Australia? Nothing! What do I see about Australian best practice? I don't, but when I hear these best practices not being followed through, when I hear about taxpayers' dollars going to shell companies for rent seekers for handouts who can't even afford to build the shed that you say will be world's best practice, this comes to the incompetence of execution of this government. Best intentions don't go when you fund companies that can't get it done.

Senator Ayres: You're just wilfully misunderstanding and being dishonest about the underlying policy here. The policy here delivers an effective subsidy when manufacturing occurs in Australia. That's what is going on here. There is no risk; there is only benefit. It is the right call. That is the difference between this government—out for the Australian interest, working to deliver investment—and the job-shedding, investment-shedding approach that we saw from the previous government. That's what we will do. If we see projects proceeding in Australia, they will only get a benefit from this government when they manufacture here. That is the point wilfully misunderstood by you and your colleagues.

Senator CADELL: On that, Mr Miller, that's the undertaking. If I buy my panels from overseas, if I buy my metal from overseas, if I buy all of my electronic components from overseas and assemble them in Australia, you can't fund it under that. They have to be manufactured in Australia; is that correct?

Mr Miller: I think you misunderstand the definition, if you like, of 'manufacturing'. Assembly of components, wherever they come from, is part of the manufacturing process. The reality is that, if we understand, as we do, that solar technology will underpin the energy transition and Australia's superpower ambitions—and if we understand the supply chain concentration risk that exists in the market today, which we do—and if you have the ambition to push forward in that transition, we must be concerned about what our capabilities are to deliver on that right up and down the supply chain. To date, we've had significant input in Australia in R&D, in the cell design technology through UNSW, ANU and the like. We're a world leader in deployment of solar panels. We're looking to fill in some of the gaps to understand the supply chain risks that do exist and to take that first step, if you like, into the manufacturing of solar PV technology. If that first step happens to be the assembly of modules because it's the easiest, cheapest and most competitive thing we could do, that may be something that is worthwhile. But we're open-minded as to what we see come forward in this program. It's too early to start reaching conclusions about what is good or bad in terms of the pipeline. Time will tell. Perhaps when we meet here next time we'll have a clearer idea of what's come forward.

Senator CADELL: Under that argument of manufacturing is assembly or vice-versa, if I go down to IKEA by the airport and buy a lovely Swedish bookcase and build it in my bedroom, am I an Australian manufacturer of furniture?

Mr Miller: I think we're talking about different things here. If you look at the previous car manufacturing industry we had in Australia, it was largely an assembly manufacturing industry in Australia. We didn't make all of those components from scratch in Australia.

Senator CADELL: We made many of them. People in South Australia would argue in terms of their engines and the steel.

Senator Ayres: We did used to make many of them, Senator Cadell; that is true. We used to make many of them until Mr Hockey, Mr Abbott and Mr Turnbull pushed 40,000 jobs offshore. Imagine the position that the

country would be in if that Australia wrecking operation hadn't been undertaken, pushing that industry offshore? Imagine the manufacturing investment and the capability, particularly in electric vehicles and batteries, that the country would have had not the previous government been so hostile to Australian manufacturing. What you don't clearly understand about manufacturing processes is that the supply chains are very complicated. Many of them, with the more complex manufacturing, engage international supply chains where some products are made here and some products are made offshore.

The purpose of this policy is to deliver solar panel manufacturing here in Australia. That's what it is for. There will be a process of evaluation and working through each of these bids that Mr Miller has indicated his agency will work through. The purpose is to deliver manufacturing here. There's just a big difference between being for manufacturing and being hostile to it. If you set up the policy architecture that's for it and you set up a pro-business environment, which is what this government is doing, you attract investment and you start engaging with the sorts of proponents Mr Miller is talking about that the agencies are dealing with. If you're hostile to it, you see disinvestment and you see manufacturing going offshore. That's what happened for the last 10 years. We are going to give the biggest pro-manufacturing package in our history a red-hot go and see what difference not being hostile to business does in terms of the investment environment.

Senator CADELL: Chair, I love asking questions of a witness and getting a lovely bard-like soliloquy to the side stage by the minister. What we're talking about here is a bill put by government that has no local component requirement—none whatsoever. We're talking about a component of entirely foreign-made components assembled in Australia that would qualify.

Senator Ayres: That's not true.

Senator CADELL: It's not true? That's what I've just asked. If I purchase an IKEA bookcase and I assemble it, you're saying something can be manufactured from components here; it has to have an Australian component under this legislation or program.

Senator Ayres: If you purchase an IKEA bookcase, Senator Cadell, that's a consumer decision that only you can make. Good luck to you.

Senator CADELL: You said on this program that components have to be Australian made.

Senator Ayres: It doesn't deal with IKEA bookcases.

Senator CADELL: No, you just said that solar panels have to have Australian components in them.

Senator Ayres: I don't understand what you're talking about.

Senator CADELL: There you go. Does a solar panel assembled in Australia have to have any Australian components under this legislation or under this program?

Mr Miller: It will have Australian labour and be built on Australian land using Australian capital facilities.

Senator CADELL: But no components?

Mr Miller: All of that is value-adding into the end product. I can't speak to the exact components. There may be components that get manufactured in Australia. There may be components that are not available in Australia yet. The program will reveal which bits of the supply chain Australians are ready to produce.

Senator CADELL: But there's no requirement?

Mr Miller: There's no specific requirement. Time will tell what components are put forward by Australians.

Senator CADELL: As I said, we're talking about the comparative advantage of a lot of these things. I hear 'comparative advantage'. If we have no components, what comparative advantage does Australian labour have against forced labour?

Senator Ayres: These are questions that I suppose go to the national interest framework, which sits at the heart of the Future Made in Australia Act that is currently in the Senate. The national interest framework goes to two sets of national interests. One goes to national security and economic resilience questions fundamentally. I don't have the wording in front of me, but it goes to those questions.

The second set of national interest frameworks go to comparative advantage and future comparative advantage. This is outside of Solar Sunshot—I might just deal with some of it—but it really could be directed to PM&C, Treasury or other agencies in terms of the detail. In areas such as the processing of Australian minerals onshore, those kinds of questions mobilise a set of interests which go to comparative advantage and future comparative advantage, essentially because we have all of the minerals that the world requires in very significant quantities, but our current processing capability is very limited indeed. It does exist in some areas, but our energy advantage gives us a very significant future comparative advantage. In terms of the national economic resilience questions,

as you would know, a very large part of the world's solar panels are manufactured in just one jurisdiction. I think every single panel in the world has Australian IP at the heart of it. So, that is invented largely here in Australia. There would have to be a judgment, which I'd be very surprised if you disagreed with, that it is in Australia's interests to participate in this area of industrial activity. We are all about diversification, whether it's in our trade settings or our industrial settings. That is what Solar Sunshot is directed towards. I don't know why you keep talking down Australian workers. I don't know why you do it.

Senator CADELL: I don't believe I am.

Senator Ayres: We have some of the most capable manufacturing workers on the planet. In terms of our comparative advantage, as I've sought to distinguish these things, there's an economic resilience question here and a supply chain security set of questions. Labour costs are not the only source of comparative advantage.

CHAIR: We might take the opportunity to rotate the call. Senator Roberts, to save your having to write any further press releases about my chairing capacity, you have 10 minutes.

Senator ROBERTS: Perhaps we can talk about that later.

CHAIR: Perhaps we could.

Senator Ayres: There is a lunchbreak.

Senator ROBERTS: I return to the eight batteries in the large-scale battery storage funding round from 2022. In February you told me that you had put $176 million into it. None had completed construction as at that time and only two of the eight were under construction. Have any completed construction? What is the status of the others in the round of eight?

Mr Miller: They have progressed. I don't have the precise figures to hand—unless my colleague finds a brief on that in the notes—in which case I can provide that information on notice. But they're all progressing. Some have challenges around grid connection and various studies that have to be completed. They're not all there yet, but I think the vast majority have reached their targets for the ARENA funding and would be either close to construction or close to financial decision.

Senator ROBERTS: I would have thought with the Australian Renewable Energy Agency this would have been one of the biggest projects and most important aspects of what you do; is that correct?

Mr Miller: It's important and is amongst many other important things that we work on.

Senator ROBERTS: In December 2022, the portfolio cost of the eight batteries was $2.7 billion. That increased to $3.1 billion, which is roughly a 16 per cent increase. What is the latest cost of the portfolio? What is the updated figure?

Mr Miller: What are you talking about?

Senator ROBERTS: The portfolio cost of the eight batteries was $2.7 billion. What's the latest cost?

Mr Miller: That information that you had that was publicised would be the most up-to-date information that we have.

Senator ROBERTS: Is that the $3.1 billion?

Mr Miller: Some of the batteries increased in capacity. Since we announced the program, the proponents who were developing those batteries actually increased the size of the batteries, given that the economics were improving and that they could get the job done and actually build more. That capital cost increase would be in relation to an increase in the capacity of the batteries that are being developed.

Senator ROBERTS: We've gone above two gigawatts and 4.4 gigawatt hours?

Mr Miller: As I said, if you want precise information I will get you that on notice.

Senator ROBERTS: Thank you. That would be good. That seems like a hell of a lot of money for a bunch of batteries that only last two hours and lose 20 per cent to 30 per cent of the power to charge them?

Mr Miller: That's not accurate.

Senator ROBERTS: Could you tell me the accurate figures?

Mr Miller: The minimum size in that portfolio is a two-hour battery. Some of them are three and I think one of them has gone to four hours. Again, I'll check that just to make sure. The batteries are playing a very important role. The project as described by ARENA and the innovation that's in this portfolio is around what's called grid-forming capabilities. It's the ability for these batteries to essentially replace the very important system services that coal- and gas-fired power stations provide.

Senator ROBERTS: Stability of the grid?

Mr Miller: Stability of the grid, voltage frequency.

Senator ROBERTS: What we call 'firming'?

Mr Miller: I think firming would traditionally be thought of as providing the energy that's required to fill gaps. These batteries are providing power quality services. Firming would be about the quantum of energy and power services, or these system security services, are about performing the very important electronic functions that the grid needs to remain stable and at the right frequency.

Senator ROBERTS: My understanding is that solar and wind are asynchronous, inherently unstable and therefore you need to provide an additional service so that the grid maintains stability?

Mr Miller: Again, that's not also strictly true. There is technology around solar and wind, inverters, that converts the DC electricity into AC and that can provide grid-forming capabilities as well. The latest wind turbines coming out of Goldwind, for example, in China have system security services built into those inverter technologies. It's not only the batteries that are advancing; it's actually the solar inverters and the wind technology inverters as well that's advancing to provide the services.

Senator ROBERTS: Is that at an additional cost?

Mr Miller: It may or may not be. It may be integrated into the technology that's put forward.

Senator ROBERTS: Let's move on to the next one. On a very conservative cost of $4.5 million per megawatt installed and a capacity factor of 90 per cent, a $3.1 billion coal-fired power station would produce 15 gigawatt hours of data capacity versus just 4.4 gigawatt hours for the batteries. Unlike the batteries, the coal station actually generates power. It doesn't lose power on charging. Doesn't that seem like a much cheaper investment for Australians, just coal-fired power stations?

Mr Miller: You're fundamentally misunderstanding the different role of those coal-fired power stations that you mentioned in the old world and the role of these kinds of batteries in supplementing wind-solar transmission system demand flexibility. The new world we are well underway, progressing into and entering requires a variety of technology. These batteries provide a very specific set of technologies and services that in combination with wind, solar, transmission and all the other things I mentioned, provides you with a system that is stable and can do the job.

Senator ROBERTS: At inherently higher component costs. There's a lot of confusion amongst constituents and amongst MPs and senators. Among the various agencies charged with some responsibility or accountability over energy transition, could you as simply and as specifically as possible tell us what ARENA does? What are your basic accountabilities and, specifically, what is the uniqueness of that? There's accountability that no other agency has.

Mr Miller: That's a good question. We are an agency that is specifically around to improve the competitiveness of renewable energy technologies, to increase the supply of renewable energy in Australia and to facilitate the achievement of Australia's greenhouse gas emissions reduction targets. Our functions include the provision of financial support in the form of grant support and the sharing of knowledge, which is very important to ensure the money we spent is leveraged and available to more than just the proponent we fund so that Australia's energy transition can happen in an accelerated and stable fashion.

Senator ROBERTS: Specifically with regard to the people at the table, apart from Senator Ayres—and he'd be happy that I'm leaving him out—what is the total salary package of each of the people at the desk here? I'll exempt anyone who's not at Senior Executive Service level, but if you are at executive level I'll ask for the band you're in and the total remuneration package, including on-costs?

Mr Faris: I'm a band 1 officer, seconded across from the department. I think I'm at band 1.6. I don't have my salary figures off the top of my head, but they're actually in our annual report. I'm listed as one of the key management personnel in our annual report, which was tabled last week. You can find that information specifically.

Senator ROBERTS: Could we have them on notice, please?

Senator Ayres: I think what the officer has said to you is that they're in the annual report. If there's anything in addition to the annual report, we are happy to provide that on notice.

Senator ROBERTS: What is the total wage bill for all employees, including casuals and contractors, at ARENA? Could you give me a breakdown of the numbers, please?

Mr Miller: Again, I might follow Senator Ayres's lead and refer you to the annual report, which has this information for the last financial year.

Senator ROBERTS: Numbers, breakdown into permanent employees, casual employees, contractors?

CHAIR: Senator Roberts, maybe I could help you out. If you were to grab a copy of that and have a look through, you could potentially put any further questions on notice. There is a breakdown in their annual report.

Senator ROBERTS: We'll do that. Future Made in Australia—Senator Ayres raised that. The No. 1 cost category in manufacturing today around the world is no longer labour, it's electricity—with very few exceptions. China uses coal-fired power, sometimes including alcohol, but produces almost 10 times in terms of alcohol production. They have a production rate of $4.5 billion, heading for $5 billion, a year. They produce electricity and sell it, I am told, for 8c a kilowatt hour. Australia is at 25c a kilowatt hour, thanks largely to the transitioned components. Why is Labor so hostile towards manufacturing? Clearly, net zero destroys manufacturing. You also said that there's no risk. That's just a slogan. There's huge risk when you've gone from being the cheapest electricity provider in the world to amongst the most expensive. I don't know why you keep letting down Australian workers.

Senator Ayres: There's a series of propositions in that we could—

Senator ROBERTS: They're facts.

Senator Ayres: You assert that they're facts.

Senator ROBERTS: Eight cents a kilowatt hour versus 25c a kilowatt hour.

Senator Ayres: As I said, you assert that they are facts. It may come as news to you, but the economy in the People's Republic of China is structured a little bit differently to the Australian economy.

Senator ROBERTS: Eight cents a kilowatt hour—

Senator Ayres: There are some differences between our political and economic systems and the way that the government interacts with the electricity generation system and indeed the way the industry works is different. Our job here in Australia, if we're acting in the national interest, is to secure Australia's position. It is very clear that we have a series of forces acting upon our electricity system and our energy system more broadly. Firstly, most of our ageing coal-fired generators announced their closure under the previous government. There are many of them.

Senator ROBERTS: It's cheaper to replace them new coal-fired power stations.

Senator Ayres: Many of them are coming to the end of their operational life. Some of them have been extended by state governments. The cheapest form of future energy for Australia is renewables and storage.

Senator ROBERTS: Only if you omit coal, hydrogen—

Senator Ayres: I did not interrupt you. I interrupted Senator Cadell earlier when he was being obnoxious, but I didn't interrupt you.

Senator ROBERTS: Does that mean you want me to get obnoxious?

Senator Ayres: I don't want to interrupt you. I don't like interrupting people.

CHAIR: I'm going to interrupt you both and say that we are coming very close to the lunchbreak. I'll ask you to wrap up. To be clear, Senator Roberts, you've had 11.5 minutes.

Senator ROBERTS: Thank you very much. That was my last question.

CHAIR: Do you feel like you've had a sufficient answer?

Senator ROBERTS: Very.

CHAIR: Excellent. I'm glad to hear it.

Proceedings suspended from 12:51 to 13:45

Clean Energy Finance Corporation

CHAIR: I now call officers from the Clean Energy Finance Corporation, who are appearing via teleconference or videoconference. Would you care to make an opening statement?

Mr Learmonth: No, I won't make an opening statement today.

CHAIR: Senator Darmanin.

Senator DARMANIN: Could you start off by taking me through how the finance corporation has implemented its revised investment mandate to drive both investment and broader benefits?

Mr Learmonth: As you're probably aware, in July 2023 we got a revised investment mandate which regulated the CEFC's investment activities around Rewiring the Nation, an additional $19 billion to invest in transmission across the countryside as well as a further billion dollars for the Household Energy Upgrade Fund

and in addition to that a further $500 million Powering Australia Technology Fund. They were the key additional capital that the CEFC was provided with under this investment mandate or regulating our activities in relation to those, as well as some changes to some of our existing specialised investment funds. In summary, we have embarked very proactively on all those fronts. We've been working across the countryside on transmission related projects in New South Wales, particularly with EnergyCo in financing the first stages of transmission projects such as VNI West, for example, helping with the early stages of financing of Central-West Orana as well as further transmission projects in Victoria. There are lots of negotiations happening around the countryside. CEFC, as I say, has been very busy and active with implementing Rewiring the Nation.

With the Household Energy Upgrades Fund, we've already implemented two transactions to deliver on that policy which is to improve the energy efficiency of residential Australian homes: firstly, $60 million financing with a non-bank lender called Plenti; as well as another transaction with Westpac where we have provided $160 million on concessional terms matched by Westpac and already out and being deployed at a highly effective rate to fund energy efficiency upgrades in households across the country.

We have also been investing through the Powering Australia Technology Fund innovative Australian companies and we are working on a program to support fund managers particularly in early-stage companies here or around the countryside. We are very active across all fronts, and I think we've made great progress with that investment mandate.

Senator DARMANIN: In your annual report you state that there's a leverage of three to one in terms of the investment. The total value of commitment is at $58.6 billion. In addition to what you've just talked about, what do you think this means for the value of the Clean Energy Finance Corporation to the community?

Mr Learmonth: I think it reinforces the value that CEFC has in terms of the clean energy transition most notably. We've always been very focused, and it's one of the objects of our act to facilitate flows of finance into the clean energy sector. Attracting co-investment from the private sector is enormously important to what we do. We're very pleased with the amount of leverage we've achieved in investing over time, and that's across many different sectors: renewable energy, out there in agriculture, transport and industry. I think it reinforces the CEFC's stature.

CHAIR: Senator Sharma.

Senator SHARMA: Can I get you to recap what programs you're currently administering? I know there's a Household Energy Upgrades Fund and the Rewiring the Nation Fund; is that correct? Are there others?

Mr Learmonth: We have our general portfolio, which is the initial $10 billion. Prior to this investment mandate we have the Advancing Hydrogen Fund, which is $300 million, which is still an active program and policy that we were implementing. The Rewiring the Nation Fund is $19 billion, which was additional capital that I referred to earlier. The Household Energy Upgrades Fund is a billion-dollar program and, again, part of a more recent appropriations. And $500 million is allocated to the CEFC as part of the Powering Australia Technology Fund, so investing in innovative companies and funds and supporting companies around Australia. They're the key programs that we have. There is a legacy, the Clean Energy Innovation Fund, which we have had for some years. It's still technically part of our programs, but it's now fully invested. We won't be putting any more capital under that particular fund. They're the programs that we're working—

Senator SHARMA: For each of those, could you tell me whether the allocation has been either spent or allocated to projects or decisions taken with respect to it? So, for the Rewiring the Nation Fund, the Household Energy Upgrades Fund, the Powering Australia Technology Fund, and the first one you mentioned was a hydrogen fund, I think, the $300 million hydrogen fund? Advancing Hydrogen?

Mr Learmonth: Yes. I would have to dig those up for you unless my CFO has them handy. I'll pick those up one at a time.

Senator SHARMA: I think the CFO is on mute.

Mr Powell: If we take them one at a time, for the Clean Energy Innovation Fund, the $200 million is fully allocated and has been completed. In terms of the Advancing Hydrogen Fund, which was the $300 million, $16 million of that has been applied to date. The next one would be the general portfolio. Remember with this one that we are recycling capital. So, whilst we've actually deployed more than $10 billion, we've received a lot of that capital back. At this point we have about $2 billion of the $10 billion that is not allocated on transactions. In relation to the RTN, the Rewiring the Nation Fund, about $16 billion has not been allocated. In terms of the $19 billion, it's close to $3 billion that has been contractually committed at this point. There's almost another billion dollars that's in progress at this point and going through the contracting stage. Of the $500 million PATF fund there is about $170 million allocated, leaving about $330 million available, and with the Household Energy

Upgrades Fund at 30 June we had only done the one transaction. I think Mr Learmonth covered off the second transaction that we had done after year end. So, the two of those mean that we've done close on $200 million. I just don't have that particular one at September of the billion dollars.

Mr Learmonth: I think it would be $220 million all up—$60 million plus $160 million.

Senator SHARMA: Have you got a time line for each of those programs and when you expect to have fully committed them or do they have expiry dates?

Mr Learmonth: The Household Energy Upgrades Fund I believe has a 10-year expiry time frame. Other ones have a longer term, perpetual—

Mr Powell: We are on the record as saying we expect that Household Energy Upgrades Fund to deploy over about the first five years, because we have to have the programs run after deployment within that 10-year timeframe. The Advancing Hydrogen also has a 10-year timeframe in our investment mandate. Because all of our funds are a revolving nature where we lend the money out and we get the money back, we can reinvest in perpetuity effectively.

Senator SHARMA: Could I just ask you to take on notice the projects that you've actually funded and supported so far under each of those funds? Would you be able to reply to that on notice?

Mr Learmonth: Yes.

Mr Powell: They are actually published on our website every quarter. Every quarter that goes up as to what we have done since the inception.

Senator SHARMA: That was all I had on this topic.

CHAIR: Senator Waters.

Senator WATERS: Thank you for joining us today and for the work that you continue to do in the transition to ideally 100 per cent renewables. Going to the HEUF, the Household Energy Upgrades Fund, I understand that you've allocated about $220 million of that so far. Can you just confirm, firstly, that's correct, and is it correct that so far only homeowners are receiving that amount?

Mr Learmonth: To date we have announced two investment programs, one with Plenti, a $60 million program, and the other with Westpac, a $160 million program. Both had matching and both were providing very cost-effective finance to households. Certainly in the case of the Westpac one, they're available to existing mortgagors of Westpac—homeowners. With the Plenti one, I believe the uptake is from homeowners, but I don't know whether it precludes someone who is renting a home. The expectation is it probably would be largely homeowners.

Senator WATERS: On that point, has the CEFC spent any time on how to use that money to overcome the difference between landlords and tenants so that renters could also enjoy the benefits of cheaper solar electrification or energy efficient homes?

Mr Learmonth: We have, yes. Indeed, we're very conscious that is part of the underlying policy objectives of the Household Energy Upgrades Fund. We could have been working with strata managers, strata financiers and other lenders that may have good access to those particular markets. There's obviously a challenge with getting renters to upgrade or providing capital to landlords or incentivising landlords to upgrade houses when the power bills are paid by the tenants. That split incentive is always the challenge that we're faced with in trying to improve the energy efficiency of rented homes. We are certainly working on that.

Senator WATERS: Perhaps could you come back to me on notice with the angles you're considering and working on to assist tenants. Just for clarity, is there anything in your legislation that would prevent CEFC from simply paying for the tenants' upgrades and the cost of the works plus inflation and having that as a caveat against the property so that you would get your money back if the property were sold?

Mr Learmonth: We're obviously lenders and investors; we wouldn't be making grants, but maybe that's not quite what you're alluding to. We only provide finance in this regard. There's certainly nothing stopping the CEFC lending money to tenants who wish to borrow and spend money on their premises to improve energy efficiency or take up energy efficient appliances and so on. In terms of how they might pay us back, conventionally there would be a direct obligation for our borrowers to pay back the loans. We've seen arrangements before that may be paid via rate mechanisms through councils or others. We haven't been exploring that at this stage. We've been looking at much more conventional borrowing arrangements where the principal and interest obligations are being directly met by the borrower and the tenant in your example.

Mr Every: I might be able to add some additional information. Over the past 12 years that the CEFC has been in business we've tried a number of different ways of attacking this problem such as the split incentives that's been

classically described by economists and so forth where the landlord owns the property but the beneficiary of any capital works to improve the property would probably pass to the energy-consuming tenant. We've looked at a number of different structures over the past, some of which contain those types of caveats that you've described. In various jurisdictions they're called either environmental upgrade agreements or environmental upgrade finance. It hasn't gained a lot of traction as a financing model, and part of the difficulty of that is it's quite bespoke. If there's a primary mortgage on the property, the banking sector needs to get comfortable with the fact that there's another claim on the equity in that property through a caveat. We've looked at other models and we're continuing to develop other models such as potentially solar as a service. We tried that quite some time ago. Again, there was limited take-up, but that's not to say it's not the right time now. We've also looked at just financing the kit directly and, indeed, the Plenti finance is typically a personal loan rather than attached to the property, which is why Mr Learmonth explained it is available for energy efficient appliances and so forth.

We continue to explore through this program opportunities to fund. In the past, the other thing that we did was a lot of social and affordable housing through providers like St George Community Housing, where we got a lot of great outcomes for tenants through investing in the early years. As the National Housing Finance and Investment Corporation or now Housing Australia has gone in as a specialist investment vehicle to take over the main banking function to that market from a Commonwealth perspective, that's no longer an area where we can play a largely meaningful role. So we are looking for other less direct mechanisms such as what you've described.

Senator WATERS: You said there was some reticence towards picking it up. Is that from the lending institutions, from the banks, who don't like having those caveats? What's the blocker?

Mr Every: It's a difficulty, because when you're making a loan it's usually a financial pledge against a security, and the security in a personal loan is against the personal sense of somebody and their income, but in a housing situation it's a pledge against the value of the property. It's like having a second mortgage or a third mortgage or another claim on the same property. The banking system has to get comfortable that the amount of security on offer is satisfactory. The other difficulty around this is that, because we're talking about energy and finance the types of regulations that are applicable to people's energy bills and the types of consumer finance protections which are applicable in the financial network mean that what you're really trying to do here is marry together finance law and consumer protection and energy law and consumer protection, and they're both very intricate and complex pieces of legislation that don't really dovetail well together. That's why it's quite expensive to get systems development, the upfront investment from the market, the IT changes, the consumer protections; all of these types of things are obstacles to what might on the face of it be quite a commonsense proposition. When you have a look at all of those barriers, it does take quite a while to work through to bring a product to market that can satisfy those outcomes.

Senator WATERS: Whose job is it to work on that? Is that yours or has some other body got that task of doing all of that complex interactive work?

Mr Learmonth: We are looking at all of those options. As mentioned, we are very conscious of targeting mid- and low-income households with the Household Energy Upgrades Fund. We will continue to work with strategies to tackle these challenges and try to provide affordable finance to tenants as well as other mechanisms that might make borrowing easier for homeowners through these other channels. As I say, I think we're highlighting some of the challenges that come with some of these areas.

Senator WATERS: Can you tell us about some areas of investment where you feel you're perhaps pushing the boundaries of what's been done before or maybe seeking to abate some of those harder to abate emissions? Tell us about some of your exciting work in brief format so the chair doesn't come down on me.

Mr Learmonth: We obviously are very diverse financiers/investors. We always try to play a catalytic role and fill gaps in the market. We've been doing that with some of these big transmission projects that I mentioned. Equally, it's so important to be building out large wind farms in Australia at the moment, which have not been coming to market as quickly as possible. We put $350 million into Golden Plains wind farm, which is currently being energised near Geelong in Victoria. It is currently Australia's largest wind farm. We went in early and committed to that project before contracting for the energy was in place, and that helped attract other financiers and investors into that project. That was terrific. Another example is we're trying to decarbonise the transport sector. We've recently increased our financing to car leasing company Splend, which is leasing electric vehicles to rideshare drivers, Uber most notably. A lot of the electric vehicles that you might get through an Uber ride are coming from Splend, and that's coming from the CEFC's finance. That is another innovative piece of finance helping unlock additional capital and also decarbonise a difficult sector, such as passenger vehicles. Yes, it's a long list, but they are a couple of examples.

CHAIR: We'll go to Senator Roberts, but can I just advise the committee that we are running behind and where people can feel it in their heart to put their questions on notice there would be deep and abiding gratitude across the committee.

Senator ROBERTS: There's an alphabet soup of agencies and government departments involved in the energy transition. As simply and as specifically as possible, what do you do at the Clean Energy Finance Corporation, what are your basic accountabilities and what are the unique qualities you bring?

Mr Learmonth: The object of the CEFC, as per the act, is to facilitate the flows of capital funds into the clean energy sector and to deliver on the government's climate targets. We're using a significant amount of capital deployed out there in the Australian economy, effectively, to decarbonise Australia. That's really what we're doing. We have 165 people, most of whom are very skilled at going out into the marketplace and finding places that we can use this catalytic capital to drive emissions reduction.

Senator ROBERTS: What is the total wage bill for all employees? Do you have any casuals and contractors or are they all full-time permanents?

Mr Learmonth: We just tabled our annual report that has all that information in there. If you'd like any further details that aren't obvious or available in the annual report, I'm very happy to take that on notice.

Senator ROBERTS: There have been no changes since the annual report was released?

Mr Learmonth: No.

Senator ROBERTS: What is the total budget for the Clean Energy Finance Corporation, including any grants or programs you administer?

Mr Learmonth: Do you mean over the forward estimates? What time period?

Senator ROBERTS: This current financial year and if you want to bring it into the forward estimates, that would be handy, too.

Mr Learmonth: Once again, I will take that on notice. It's probably best that we do it that way. My CFO might be able to dig that number up for you. We've certainly got what's in the budget papers.

Senator ROBERTS: Just getting in the chairperson's good books, last question: what is the total salary package of everyone at the desk here who is attending right now?

Mr Learmonth: Once again, it is in the annual report. Certainly, Andrew and I are explicitly there on page 215 of the annual report. If you'd like any further information about that, we can follow up.

Senator ROBERTS: Why the reluctance not to share it?

Mr Learmonth: It's there, and there are a whole raft of different short-term incentives.

Senator ROBERTS: If it doesn't meet our needs, we can send a letter to you and get the details? Is that right?

Mr Learmonth: I would be positioning it the other way. If there's anything that's not in that public document around the remuneration of the CFO and myself, we could provide it to you on notice.

CHAIR: Senator Van.

Senator VAN: Mr Learmonth, as in every previous estimates when I've seen you before, you are normally at pains to point out the quality and diligence of investments you make with the funds given to you. In relation to the Rewiring the Nation fund, are there different guidelines or standards that you apply to that fund as opposed to other investments CEFC makes?

Mr Learmonth: The Rewiring the Nation funding, the $19 billion additional capital to deliver that particular program, is guided; the risk and target return is outlined in the investment mandate, which we talked about a little earlier. Maybe just to paraphrase from it, regarding the Rewiring the Nation investments, the board must take an average rate of return of at least the corporation's cost of the RTN function over the medium to long term. That's the benchmark rate of return. It is lower than other parts of the CEFC. In terms of targeting that return, we are advised to take a commercial approach, and the board is to seek to develop a portfolio that in aggregate has an acceptable level of risk having regard to the terms of the act and focus on particular areas identified in the relevant subsection of the investment mandate. That's the guidance that we have for that capital.

Senator VAN: Just to summarise your answer, there is a different standard applied to Rewiring the Nation than you would normally apply?

Mr Learmonth: We have different funds. We have a hydrogen fund, the Household Energy Upgrades, the general portfolio and so on. They have different target rates of return. The general portfolio targets a rate of return of two per cent to three per cent above the five-year government bond rate, whereas the return target for Rewiring

the Nation is lower than that. The level of risk deemed acceptable for Rewiring the Nation, as it says in the investment mandate, 'may be higher for the RTN fund than the general portfolio and the specialised investment fund'. Yes, it does have a different risk-return relationship.

Senator VAN: I'll put some further questions on notice.

CHAIR: Thank you very much for coming along this afternoon. We do appreciate your time and we're sorry for running a little bit late. I would now ask that officers from the Climate Change Authority either pop on the screen or come to the table.

Climate Change Authority

[14:17]

CHAIR: Senator Cadell.

Senator CADELL: Earlier today, we were going through 82 per cent and 43 per cent target reductions. I just want to get the context of the CCA's role in this. On the website it states that you advise and help set these targets. Would you say it would be fair that the CCA has a role in informing the government's decisions about these carbon targets and emissions?

Mr Kean: In this area one of our relevant functions is to provide advice to the minister for climate change each year that relates to the preparation of the minister's annual climate change statement, and that goes to questions about the progress that Australia is making towards its emissions reductions targets and how well the policies that the government has in place are working to achieve those targets. In that context, for example, in last year's annual progress report, which is the report through which we convey this advice, we included information about our analysis of how Australia was tracking towards achieving the government's 82 per cent renewables target and, in turn, towards achieving the minus 43 per cent emissions reduction target. It made some observations about that, and that then is considered by the government in the first instance in the process of responding to our advice through that annual climate change statement.

Senator CADELL: With the climate change statement, do you think you had any role or any influence in coming up with the 82 per cent renewable energy target? In a report from November 2022, your first annual progress report, there was a snapshot for an 83 per cent renewable by the end of the decade, on page 25, and it cited AEMO's report and recommended that.

Mr B Archer: My recollection is that the government, when it became the government, had brought with it a policy of targeting 82 per cent renewables as part of, again, achieving the target that it had established for emissions reductions. In that sense I don't think the authority had a role directly in the government formulating that particular target. Since then through our reporting we've been assessing how we think Australia is tracking towards achieving that target. Clearly it's an important element of the government's policies for achieving its overall emissions reduction target.

Senator CADELL: When we have evidence before us with a total system integration plan and so on, the cheapest way forward to achieve this is the pathway we're on. We've had evidence in Senator Van's committee recently that there are constraints. They are the constraints that's the cheapest plan to achieve these targets that have been set, aren't they? They're not the cheapest plan to an energy market; they're the cheapest to achieve 82 per cent and 43 per cent, aren't they?

Mr Kean: Can I give some context perhaps as someone who looks at this? The challenge that the energy grid is facing is that the sources of generation that have underwritten it for generations are coming to end of life. That is technical end of life. AEMO—and I'm sure you can ask questions to them—

Senator CADELL: I'm pretty sure we can't; they're not here.

Mr Kean: on another occasion. But at a high level they've looked at what the cheapest replacement cost of the existing infrastructure is. At a high level they've looked at the alternative solutions to providing cheap, reliable electricity, and they've said that the Integrated System Plan is the way to do that.

Senator CADELL: That's what I'm getting to. The constraints are the ISP within the 82 per cent, aren't they?

Mr Kean: No, the ISP is a look at the counterfactuals as to other sources of generation to provide the cheapest replacement cost of an existing system.

Senator CADELL: Ms York in your inquiry the other day stated:

No, we're only permitted, within the framework that we have as set out in the rules, to take those policies as set out in the target statement as an input and then to work out what is the lowest cost way to get to net zero by 2050.

Mr Kean: The Integrated System Plan has looked at how we replace the NEM or effectively replace the existing sources of generation that provide electricity to the nation and the cheapest pathway for doing that.

Senator DAVEY: You're saying it has looked at how to replace the generation. One of the big questions we keep getting is what about the extended, additional add-on costs like plugging in the new generation from where it is, because it's not where the current generation is. We can't get a clear answer from anyone about the entire systems cost.

Mr Kean: Yes, you're right. AEMO are probably the best people to speak about this. The Integrated System Plan, when it was developed at the time, was looking at the replacement cost of the existing total system. It has updated transmission now, but it looked at the generation when it was scheduled to come out of the system and it's looked at how we can replace like for like looking at different alternatives. AEMO are the best people to speak to about how they came up with the Integrated System Plan.

Senator CADELL: We've had their evidence in other committees and this one previously, and AEMO has been clear that the ISP is looking at the constraints of government policy, not the lowest cost electricity replacement. They have been clear; that's what they've given in the evidence.

Mr Kean: You should get that evidence from AEMO.

Senator CADELL: They have got it.

Mr Kean: As the former energy minister in New South Wales, we looked at what the cost of replacing the existing system in a New South Wales context was against other counterfactuals, and that's what we relied on AEMO for.

Senator CADELL: Daniel Westerman was also unable to say it would be cheaper overall. You've just introduced your New South Wales experience. From what you know of New South Wales and what you know at CCA, will it be a cheaper system overall?

Mr Kean: Compared to the counterfactual. If the counterfactual is nuclear, then absolutely it will be cheaper. That's the counterfactual.

Senator CADELL: No. If the constraints of 82 per cent and 43 per cent weren't involved?

Mr Kean: No, you're looking at the counterfactual. If you're going to have an energy system built on nuclear, then of course firming renewables is by far cheaper.

Senator CADELL: I'm not saying nuclear. I'm not saying coal. I'm saying open slather—

Mr Kean: Open slather?

Senator CADELL: if you had no constraints, is it the lowest cost total ISP?

Mr Kean: I think Mr Westerman did say that it's the lowest cost pathway.

Senator CADELL: He did, within those constraints.

Mr Kean: No, not within the constraints. It was compared to the counterfactual.

Senator CADELL: But he couldn't guarantee it was the cheapest?

Mr Kean: Compared to the counterfactuals. You'll have to speak to Mr Westerman. Compared to the counterfactuals it is the cheapest pathway to replace and modernise the electricity system.

Senator CADELL: What is the cost?

Mr Kean: Of the whole NEM?

Senator CADELL: Yes.

Mr Kean: AEMO will have that on the record. You'll be able to get that from them.

Senator CADELL: No, we haven't been able to.

Senator DAVEY: We can't get the whole systems cost.

Senator CADELL: It's so compartmentalised between different responsibilities. It's, 'For this responsibility, I'm in charge of this. I'm in charge of that. I can't give you an integrated system. I can give you this part, I can give you this part, but that doesn't include that.' This is what we're trying to get some idea of. It is little things like in AEMO's own report, page 61, appendix 6 of the ISP, they state that the renewable policy, the 82 per cent, is the biggest driver for the need to deliver HumeLink, for example. HumeLink has blown out from $1 million to $6 million. This is what I'm trying to get to, that is, the effect of government policy on greater expenditure, and it is government policy of renewables and emissions reduction. I'm not saying they're right or wrong; I'm just trying to draw a link to it. It is the government policies and those goals that are driving costs of projects that wouldn't

normally fit into the project. AEMO's own report says that. I'm trying to get a link between the recommendations of the renewable targets and the climate change advice that we've heard goes in. Are we looking at constraints of this 83 per cent driving up the cost of electricity outside of what might normally be a slower transition to still get by 2050?

Senator Ayres: I'm very happy for Mr Kean to respond as he sees fit, but it seems to me that this is a set of questions that AEMO is in a position to respond to. You're directing them to their documents. The job of the Climate Change Authority is to advise the government on emissions reduction strategy across all sectors.

Mr Kean: If you want to talk about what will drive up the cost of electricity, it's nuclear. Nuclear will drive up the cost of electricity for millions of families and businesses across the country.

Senator CADELL: Where is your modelling on that? What modelling are you doing on that?

Mr Kean: What modelling?

Senator CADELL: Yes.

Mr Kean: Where do we start?

Senator CADELL: Can you table the modelling?

Mr Kean: The CSIRO *GenCost* report, AEMO, the AER—all of these bodies have very clearly said that nuclear is the most expensive form of electricity. Let's get into the substance. Look at the UK's experience with Hinkley Point C. That is going to drive up energy bills for users in the United Kingdom. You mentioned Ontario. That's been in the news recently.

Senator CADELL: I haven't said that.

Mr Kean: That's been highly subsidised by the Canadian government.

Senator CADELL: You've mentioned it.

Mr Kean: What I mean is the coalition has been talking about Ontario. That's been highly subsidised by the Canadian government.

Senator DAVEY: We highly subsidise wind and solar.

Mr Kean: The surefire way to push up electricity bills is with nuclear.

Senator CADELL: You talk about different countries and you talk about examples there, and examples are fine. I could bring out the examples of a single country and compare Texas and California and the different energy mix there. Under the same national regulation model there are significantly higher prices in California, which goes down a renewables-only model, versus that of Texas, where electricity is triple the price in California. Texas has a mixed model with coal and nuclear and renewables. We can all bring out examples that highlight our point. Will you table the modelling? You said you know this to be true. Will you table the modelling you've done?

Mr Kean: I can table the CSIRO modelling. I can table AEMO's analysis. We can table any market body you like.

Senator CADELL: We heard this morning that the minister gave the assumptions—

Mr Kean: I'd be very happy to ensure that we get you the *GenCost* report and we get you the CSIRO modelling and we also get you AEMO's modelling. I think you can interrogate those bodies on that. I rely on the science. I rely on the evidence. I trust the CSIRO. I trust AEMO. I think we should be making decisions on energy policy that are based on economics and engineering, and that's what I'll certainly do in this role.

Senator CADELL: On engineering and economics, do you believe it's true that the average energy plant should be written off over the same period as the average renewable installation under the *GenCost* report?

Mr Kean: It's not about what I believe. It's about—

Senator CADELL: Yes, it is. You said you believe in it. Your evidence was, 'I believe in this.'

CHAIR: Senator Cadell, could we have some respect for our witnesses.

Mr Kean: Could I finish my answer, please, and say that I trust the CSIRO, I trust AEMO. These are—

Senator CADELL: You aren't questioning the 30-year life of nuclear plants. You think that's right?

Mr Kean: I'm not going to—I'm just saying I trust the CSIRO. I think most rational people trust the CSIRO. This is the body that developed wi-fi. They developed the agricultural practices that farming communities rely on. Most Australians trust the CSIRO. Their advice is good enough for me, and it should be good enough for our political leaders.

Senator CADELL: This is where we go, Mr Kean. We come in here and we can't question what's going on. You say you have a piece of advice that is clearly wrong—nuclear was brought up by you, no-one on this staff. We are talking about where we're going. You raised nuclear, and the *GenCost* report clearly states that it writes off the asset over 30 years—not the expected life expectancy of every generation 3-plus plant being built right now. You don't want to question that? You're giving government advice and you don't question research? You don't question these things? You don't look for truth? You say, 'I believe it.' We heard evidence today that the minister gave the assumption—

Mr Kean: I know you're trying to get your grabs up on Sky at the moment, but the reality is—

Senator CADELL: Hang on. I'm asking a question, if I can finish my question.

Mr Kean: But what is the question?

Senator CADELL: My question is—

CHAIR: Okay. Everyone, enough!

Senator CADELL: We heard evidence today—

CHAIR: Senator Cadell!

Senator CADELL: Sorry. I thought I was asking my question.

CHAIR: Let's just take a breath. Your last question, Senator Cadell.

Senator CADELL: We heard evidence today that the minister gave the assumptions for the nuclear calculation to the department, for him to come out and say, 'These are the timings and these are the costs.' That was evidenced by the department today. They did the calculations. He gave the assumptions.

Senator Ayres: Well, this is part of the problem with this discussion. This is now a 'Cadell cooker' conspiracy theory about—

Senator CADELL: Excuse me!

Senator Ayres: how this has been put together.

Senator CADELL: Did he not say that, Chair?

Senator Ayres: I will withdraw it, Chair, just to make it easier for everybody. As Mr Kean has said, he relies upon the CSIRO modelling. You, along with Senator Roberts and Senator Rennick and, no doubt, Mr Joyce and these other characters do your own research, presumably in your basements on the old Google; fair enough. What would make a difference to this debate? What would make a difference is if Mr O'Brien and Mr Dutton actually released a little bit of costing and modelling of their own; actually said where these magical nuclear reactors are going to be; and released the geotechnical work that no doubt underpins their analysis that says they are in safe places and outlines why Australia is so different to the rest of the world and that these things could be constructed in some way that doesn't meet the massive budget blowouts, the massive timeline blowouts—and that this isn't just a policy that's based on mad old uncle magic, right, which is what this is all about. If you want to continue in insisting that something that is very expensive and not in Australia's interest is cheap and in Australia's interest, go right ahead. But don't disparage the CSIRO. Don't disparage our national science institutions. Actually get serious about what's in the national interest here.

Senator CADELL: I will finish that last question. If you want to pretend that you weren't in the room when the department said the assumptions were given to them for a calculation, we can pretend that didn't exist. But you know that is true.

Senator Ayres: Well that's—

Senator CADELL: Are you saying that didn't happen?

Senator Ayres: What the department said is that absent your side of politics—

Senator CADELL: They did not say that.

Senator Ayres: which used to stand for conservative values and liberalism, absent being provided by any facts, they relied upon the publicly available facts, and the minister directed them to those.

Senator CADELL: Chair, I'd like the minister to withdraw his misleading. That was never the evidence given today. The evidence was clear. They didn't check. They didn't refer. They took the assumptions given by the minister and made the calculations. That was the evidence, and if we want to pretend that doesn't happen we now know how you come up with your policy.

Senator Ayres: If you want to provide some modelling and costing to underpin your fanciful announcement, then I'm sure that'll be subjected to the scrutiny it deserves.

Senator CADELL: Thank you.

Senator VAN: Mr Kean, welcome. I think this is your first estimates.

Mr Kean: Yes, it is—in this parliament!

Senator VAN: In this parliament! Thank you to you and your officials for coming along. As was alluded to earlier, I'm currently chairing a committee looking at energy planning and regulation in Australia. It received bipartisan support and has been taking evidence from a range of experts as well as our market bodies. A large part of the origin for the inquiry was that, as was alluded to earlier, this parliament can't call AEMO before it in the estimates process, and this has led to a view that there is a lack of accountability with AEMO—which the inquiry is seeking to test. Do you think that—and you referenced the ISP; maybe it's infallible, maybe it's not—given the importance of ensuring we are successful in our energy transition and lowering emissions and securing supply in affordable energy, there is a place for the Climate Change Authority to do a review of AEMO or the market bodies in general, just to test of some of the things they're putting forward?

Mr Kean: I'm not sure it's the role of the Climate Change Authority to review the expert work of AEMO or any of the market bodies. The Climate Change Authority's role is to provide frank and fearless advice to the government of the day, to the parliament of Australia, on what the best path is for the nation to achieve net zero by 2050—and also moving as fast as possible on decarbonisation. When it comes to that decarbonisation agenda, we know the easiest section of the economy to decarbonise is the electricity section. It contributes around a third of our total emissions, and we know the technologies are already available that can be rolled out at scale that will not only reduce emissions but also have the benefit of lowering household bills and underwriting a new era of prosperity for our nation. Where possible, where we're qualified to do so, we'll be providing advice to the minister, to the government and to the parliament of Australia about what we can do to speed up the transition to a net zero economy, but in a responsible way that, as I said, grows the economy, not undermines the economy. That's what my focus will be.

Senator VAN: As it should be. I note you do an electricity and energy sector review. Given that the only market body that's accountable to any parliament is AER—and they'll be here later this afternoon—do you not think there is a place for Climate Change Authority? Maybe it's not you; you might have a recommendation of another authority that should have a view to assessing the market body's plan to get us there. There has been an enormous amount of evidence put forward to the inquiry that thinks the transition is at risk, and some of the assumptions underpinning the planning aren't based on economics.

Mr Kean: I'm not sure it's the remit of the Climate Change Authority to review the work of AEMO or any of the market bodies. Our focus is providing advice to the government of the day, to the people of Australia, about what the clearest and fastest pathway is for us to decarbonise our economy in a way that benefits Australians. That's what my focus is going to be on, and I'm happy to work with you and with the different market bodies, the CSIRO, to make sure we can meet the challenge of our times—addressing the issue of climate change while still growing our prosperity. That's what I tried to do in New South Wales, as the climate minister there, and that's what I'll try to do in this role as the independent Climate Change Authority chair.

Senator VAN: Thank you very much, Mr Kean. I haven't checked with my deputy chair, but I'm sure the committee would welcome the CCA putting a submission to the inquiry—if my deputy chair concurs!

CHAIR: We can discuss that, Senator Van.

Senator VAN: The invitation is there. Thank you for appearing today.

Senator WATERS: Thanks for joining us, Mr Kean, and congrats on your appointment and your first federal estimates. You've rightly criticised nuclear as expensive and slow. I note that the *GenCost* report also says that carbon capture and storage is even more expensive and is, of course, even less proven. Do you think it's a good use of government time and resources to endlessly pursue CCS?

Mr Kean: I think we should be identifying the fastest ways to get to net zero that help grow our economy. As I said to the previous senator's answer, the low-hanging fruit in this transition is the electricity section of the economy. It accounts for over a third of our total emissions, and we have the technologies available to decarbonise the grid—which are needed at the moment because our coal fired generators are coming out of the system; that is nothing to do with climate change but due to the fact these are old bits of machinery. The best way to ensure reliability of the system is to replace capacity that's exiting the system before it exits. That's why we should be deploying renewables at scale and at speed right now. That not only helps do its bit for the environment; it also helps do its bit for the economy and for family budgets.

With regard to CCS, I am not opposed to CCS. I'm about finding pathways to help our economy to transition in a way that creates jobs, drives investment, helps families and grows our economy. If that technology becomes

available and can support hard-to-abate sections of the economy, then we should be looking at it. But we shouldn't be using it as an excuse not to use other technologies that we have available—for example, renewables. We should be rolling out renewables at scale and at speed right now. It's good for families, it's good for the economy and it's great for the environment.

Senator WATERS: I'll stick with CCS. We've thrown billions at that technology for the last two decades, frankly, with very limited success. I think there is only one project that's performed not even half the time to the promise that was made. Do you think that government should be investing in CCS or diverting its focus to the renewables that you've mentioned?

Mr Kean: I won't speak specifically to CCS, if that's okay. I will speak specifically to this: where there are hard-to-abate parts of the economy, we shouldn't be shutting them down. But we should be investing in technologies and solutions to help us address those hard-to-abate sections of the economy. Take agriculture. We know that agriculture is absolutely vital to our economy, but in some parts of the agriculture sector there are hard emissions to abate. We should be investing in technologies and solutions that will help our farmers and will help our agriculture continue to thrive as the world transitions to a net zero economy. More specifically with regard to CCS, if the technology evolves, if it can be used to help address hard-to-abate parts of the economy, then my view is that of course we should be looking at it. We shouldn't be taking anything off the table. But we shouldn't be using that as an excuse to slow down rolling out the technologies that we know work and will benefit the nation.

Senator WATERS: Speaking of slowing things down, would you agree that the key thing that nuclear and CCS have in common is their purpose to delay the transition and keep coal and gas in the system for as long as possible?

Mr Kean: My views on nuclear are pretty well known. They have been consistent during my time as the energy minister in New South Wales. The New South Wales coalition considered nuclear as part of its energy mix. I considered it as the Liberal energy minister in a coalition government. I took our energy policies through a Liberal and National cabinet. I took my policies through a Liberal and National party room. I took it through a parliament where it got multipartisan support. And it didn't include nuclear, because we know that it's four to five times more expensive than coal and multiple times more expensive than firmed renewables. We know that the CSIRO, AEMO, the Australian Energy Regulator and AGL, one of the coal-fired energy players in the system, publicly stated that nuclear can't be built quickly enough to replace ageing coal-fired power generators that are due to retire in the next decade.

With regard to nuclear, one of the reasons the New South Wales coalition government rejected it is it would take at least 15 to 20 years to build a first-of-its-kind nuclear reactor. The problem is that 90 per cent of our coal-fired generators are coming out of the system within about 10 years. That means not only a less reliable system but a more expensive system for families and households. That's not something that I want to see.

Senator WATERS: Have you had a discussion with Mr Dutton about these views?

Mr Kean: Not specifically about that topic, no.

Senator WATERS: Can I suggest you offer him a briefing in your capacity, in your new role, as the chair of the CCA.

Mr Kean: Senator, I think my views are very well known. I am a proud Liberal. I was a Liberal energy minister in the state of New South Wales. The energy policies that I took through the parliament are ones that I took through a Liberal and National party room. They included renewables. In fact, it was the biggest renewables policy in the nation's history at the time. It was backed by the Libs and the Nats in the cabinet. It was backed by the Liberals and the Nats in the party room. It was backed by all sections, apart from, I think, the shooters and fishers party and One Nation, in New South Wales parliament. We legislated that because we thought energy policy should be about economics and engineering, and that's why firmed renewables to replace ageing coal-fired power stations was the policy adopted by the coalition and supported by all major serious parties in the New South Wales parliament.

Senator WATERS: Totally—all the more reason to have a chat with Mr Dutton and tell him all of that. Anyway, I'll leave that with you.

Mr Kean: He would not be surprised by my views on this topic.

CHAIR: Senator Waters, are we nearly there?

Senator WATERS: We are; thank you. I'll be nice and quick. I understand that the government have indicated they're pushing off their 2035 target announcement, and I understand that CCA is also pushing yours back. If so, when can we expect your 2035 targets and the progress report to be completed?

Mr Kean: As soon as possible. There's a huge body of work that needs to be undertaken for me to be able to provide advice to the government. That work includes economic modelling and scientific modelling. We're deeply engaging about a diverse range of stakeholders as we speak. Obviously, we need to consider things in the geopolitical environment. There's quite an important election this week that will have a bearing on Australia's place in this discussion and what the rest of the world does. We'll be making sure that our views are fully formed before we provide advice to the government and to the Australian parliament.

Senator WATERS: Okay. But do you have an idea of when you'll be able to pronounce your 2035 targets and recommend that?

Mr Kean: As soon as we're in a position to do so.

Senator WATERS: Will the target range be based on 1½ or two degrees?

Mr Kean: We're modelling all scenarios. But maybe the CEO can talk to that.

Senator WATERS: What's the highest temperature that you're modelling?

Mr B Archer: The modelling scenarios that we've employed for our analysis basically take the position from the Paris Agreement—so limiting global warming to under two degrees. We have three scenarios based on that approach and then three other scenarios based on global action consistent with an outcome that is close to 1.5 degrees.

Senator WATERS: Sorry, so can you just tell me exactly what temperature outcomes you're modelling?

Mr B Archer: Global action consistent with an outcome of limiting global warming to two degrees—and the second scenario is an outcome consistent with limiting global warming to close to 1.5 degrees.

Senator WATERS: Okay. So you're not modelling anything above two degrees?

Mr B Archer: That is correct.

Senator WATERS: Despite the unfortunate reality that looks like that's going to be difficult to constrain?

Mr B Archer: Well, we have limited resources and we have a very strong remit to provide advice considering what's in the Paris Agreement. So that's where we've focused our analysis.

Senator WATERS: Lastly, we heard earlier today that it turns out the methane pledge is not really a pledge to do anything, least of all reduce methane by 30 per cent by 2030. There was a media release championing it, but the officials confirmed actually nobody feels bound by it whatsoever. What policies do you think should be in place to reduce methane emissions as a priority?

Mr B Archer: I guess I would refer to a couple of the reports that we have submitted to the government over the last 12 months. That would be last year's annual progress report and then also last year's review of the National Greenhouse and Energy Reporting Scheme. In relation to the latter, we've made some recommendations which the government has responded to directed towards ensuring that we have the best estimates possible of Australia's methane emissions, and the government has accepted those recommendations, including establishing a panel to be chaired by Australia's Chief Scientist that will look at the role that new technologies can play in helping us better understand methane emissions. With respect to last year's annual progress report, we did make some recommendations that go to how we might address fugitive emissions from coalmining operations, and we did make some recommendations relating to the phase-out of gas in homes. Those are some areas that we have made recommendations.

Senator WATERS: Do you think we need anything more specific in relation to methane in particular?

Mr B Archer: Our general focus is on Australia's greenhouse gas emissions, ensuring that they are reducing in a manner consistent with Australia's targets. One of the issues that we're considering as we are working to provide advice on Australia's 2035 emissions reductions targets is the role that giving consideration to different gases might play. But that's something that we're still actively considering.

Senator WATERS: I will watch with interest. Thank you.

CHAIR: Senator Davey.

Senator DAVEY: I have a few questions for Mr Kean, but I will just go back to your previous comments about your record as the New South Wales minister, which was significant. Were you minister three years ago when there was a lot of excitement about Broken Hill now effectively being able to run off a renewable energy microgrid? It got to the point where a request was actually made to the Australian Energy Regulator to decommission the two back-up diesel generators, which, luckily, did not occur. What we've just seen from Broken Hill is the super battery being recharged by diesel generators, wind turbines not connected to the microgrid, people being told to switch off their rooftop solar because the fluctuating power supply would trip the diesel

generators. How do we go from, 'Broken Hill is a model of renewable energy positivity, and you can operate off a microgrid', to the complete failure whereby communities in western New South Wales were effectively for 10 days not sure whether they could turn their lights on from one day to the next?

Mr Kean: The scenes in Broken Hill have been concerning. As the former energy minister, I'm not aware of that request that went to the Australian Energy Regulator. But what I will say is Broken Hill today is not a case against doing more renewables; it's a case for doing more renewables. As we saw, the transmission infrastructure was taken out by a storm. So that is an argument for more distributed energy solutions for rural and regional New South Wales and, indeed, Australia. There's the opportunity to take advantage of the abundance of wind and solar, and you said yourself that the batteries were the thing that were saving the day—batteries backed up by diesel. Well, wait until you phase out the diesel with renewables, and then you'll get cheaper energy, you'll get more reliable energy and you'll get a better outcome for everyone.

Senator DAVEY: Why wasn't the battery capable of being recharged by the wind farm at Silverton or the Broken Hill solar farm? What went wrong?

Mr Kean: I can't speak to the specific circumstances around why the wind farm at Silverton wasn't charging the battery, but I can say that the battery was clearly doing the job. What we need is more batteries in the system and more distributed energy solutions, because that not only provides you more reliable and more energy security but also puts downward pressure on household bills. We should be leaning into the opportunity that renewable energy presents, not walking away from it.

Senator DAVEY: I think the people of Broken Hill would feel very sensitive about that. I want to—

Senator Ayres: Honestly, it's legitimate to ask questions about this, but I reckon, in the context of ageing transmission infrastructure which has been knocked over by a storm, trying to politicise people's situation in the way that you just did is not—I don't think that's—

Senator DAVEY: I asked legitimate questions about why a microgrid, when announcements were made about Broken Hill not having to rely on external power—

Senator Ayres: I was very happy for you to—

CHAIR: Senator Davey, the minister is answering a question. Let him finish, and then you—

Senator DAVEY: Well, I was moving on.

CHAIR: Ge has a right to provide his input.

Senator Ayres: I'm very happy for you to ask questions but not very happy for to you try and use the misery and discomfort of a community to politicise, in the partisan interest, this question. That community worked so hard to look after each other and get on top of these issues. There was an enormous effort, particularly from the New South Wales government and Transgrid and others, to deal with that issue. But what it does do is demonstrate that there needs to be more investment in transmission infrastructure and there needs to be more distributed renewable energy and storage. That's what it demonstrates. Now, is the road to that linear and straightforward? No. But what it does is send a message that we all ought redouble our efforts and get out of the way of the answers that actually deliver solutions for regional communities.

Senator DAVEY: And I also commend the work of a lot of volunteer organisations out there who were contacting people and making sure that generators were out there and doing the job that they were doing.

Senator Ayres: That's what I said: local people looking after each other. That's what went on.

Senator DAVEY: Mr Kean, I want to now come to your new roles. You are now with the Climate Change Authority, which provides advice to government on things including carbon credits and emissions reductions. You have also taken a role with Wollemi Capital, an organisation that is investing in a clean energy future. My understanding is Wollemi Capital potentially stands to make money from investing in carbon credits. Does your role with the Climate Change Authority include giving government advice on carbon credits and carbon credit policy?

Mr Kean: Firstly, could I maybe just give some context. I am obviously in the role as the climate authority chair. The act actually contemplates that the chair and members of the Climate Change Authority will be industry participants. That has been the case that operated under the coalition government, where my predecessor, Grant King, was a well-recognised industry participant on a number of fossil fuel company boards and also a number of renewable energy company boards, including a carbon credit generating board called GreenCollar, which was recently sold for a very large amount of money. Those arrangements were able to happen because there's a strong legislated governance and probity framework in place. In fact, the coalition ensured that was the case.

I'm operating under the same strong legislated probity and governance framework, so it's appropriate that I declare any pecuniary interest that I have—which I have done and all members of the authority have done—and that I act within those very strong legislated probity and governance guidelines, and that's what I intend to do. Senator, to you give you and the Senate some additional confidence, perhaps the CEO could detail the procedures that are put in place to manage the perception of any real or perceived conflict. So Brad, would you like to expand?

Senator DAVEY: Yes, I'd be very interested in hearing it—just the process.

Mr B Archer: I'm happy to do that, Senator. Our approach is guided both by the Public Governance, Performance and Accountability Act as well as the Climate Change Authority legislation. That does require that members disclose their material personal interests—so an interest that could conflict with or potentially conflict with their duties as a member of the authority—both to the authority members and to the minister as well. We have a process whereby at each authority meeting, as a standing item on the authority agenda, members are asked to provide any updates or additions to the register of interests that we maintain. This is all set out in a document that we call the *Authority charter*, which is published on our website, in addition to what we refer to as a standing notice of interests, where we record all the interests that members declare, whether they're material personal interests or not.

Also, as part of that standing item on the agenda, members are then required to consider, given the matters that are on the agenda for the meeting of the day, whether there are any potential intersections with the interests that have been declared. In the case where that is identified, the member who has made the relevant declaration is excused while the other members have a conversation about whether a particular process needs to be adopted for the handling of that interest.

Senator DAVEY: That was one of the key things. There may be occasions where a member, including the chair, might leave the room to avoid any real or perceived conflicts of interest for government—

Mr B Archer: That's right. The default position where a material personal interest is identified into a matter that's being discussed is that the member be excused. But it is open for the other members to come to a view that actually the member does not need to be excused, because they've weighed up the considerations and come to that view that there's really no conflict to be concerned about. They may arrive at a decision that they're happy for the member to participate in the discussion on an issue but, if there's any decision that's required to be taken, that member not participate in that decision. Finally, they may decide they think there's a conflict that is of concern and the member should be excused entirely from the discussion and the decision on the matter.

Senator DAVEY: Just to clarify, you've said the register of interests is publicly available. Is that updated before or after every meeting?

Mr B Archer: We do attempt to keep that updated after each meeting—that's our aim—together with a summary of each meeting's outcomes. Where there has been a discussion of that nature, that meeting summary would include reference to the discussion that took place.

Senator RENNICK: Mr Kean, regardless of whether or not you disclose something, if you're being paid by Wollemi Capital, surely that's an inherent conflict of interest.

Mr Kean: As I said, there are processes to manage pecuniary interests. They apply to senators. They apply to government officials. They apply to me as well, and I will operate within those very strong legislated guidelines.

Senator RENNICK: That doesn't answer the question. It's still a conflict of interest, is it not?

Mr Kean: No. I've declared a pecuniary interest. A pecuniary interest doesn't necessarily give rise to a conflict of interest. The operations of the firm I work with are considered by the authority. Advice is taken from chief legal counsel as to whether or not a conflict could arise. If a conflict could arise based on a certain decision or advice provided by the climate authority, then there are methods to deal with that and manage that conflict. There is a process in place to manage pecuniary interests. Should a conflict arise, then of course appropriate measures are put in place. That's common practice. They're the same ones that apply to senators, for example.

Senator RENNICK: What about your relationship with lobbyists? Do you still speak with lobbyists, for example? Do you have a relationship with lobbyists?

Mr Kean: Have I spoken to lobbyists since I started in the Climate Change Authority role? I'm not aware of any stakeholder meetings with lobbyists. I'm happy to check my records to confirm that to the Senate, but I don't believe I've taken any meetings directly with lobbyists. That said, I have met with a broad range of stakeholders who bring their government relations people. Whether they're in house or out of house I'm not too sure. But just

for an abundance of caution, I'm not specifically aware of meeting with a lobbyist. If I'm wrong, I'm happy to correct the house.

Senator RENNICK: The lobbyist I'm interested in is Michael Photios, because I'm well aware that he has a lot of clients. He's a very influential player in the New South Wales Liberal Party. He told me that himself. I just want to make sure there's no relationship.

Mr Kean: I haven't met with Mr Photios. I'm not sure I've spoken to Mr Photios since I was appointed to the role.

Senator RENNICK: No worries. The Climate Change Authority advises on social, employment and economic benefits of the targets. I note today that the Eungella hydro scheme has basically been canned because it was going to cost $36.8 billion, and I've had prior meetings with the CSIRO where they've admitted that basically there aren't enough pumped hydro storage sites in Australia to provide enough long-term storage. Do you think that the CSIRO has adequately taken into account in their *GenCost* report the cost of pumped hydro in order to actually have enough reliability in the system if you were to go to 82 per cent renewables by 2030?

Mr Kean: I can't comment with regard to the CSIRO and the considerations they took into account, but what I will say is this: I think long-duration storage is very important, and I think a lot of the cost estimates around long-duration storage are greater than they originally were when they were signed up to. I don't need to tell you that. Snowy 2.0 is an obvious example of that. But that is true for all large infrastructure projects across the country and right around the globe at the moment. The other thing I'd say is that storage per se is dramatically coming down the cost curve at the moment. Battery technology is falling so rapidly that it's eating other technologies' lunch or it will certainly do so in the foreseeable future if you believe—

Senator RENNICK: Is that in regard to costs or length of storage?

Mr Kean: Both. The technology is evolving so quickly and the economics are dropping so dramatically that it's undermined the business case for other forms of technology. Let me just use nuclear again. I'm not doing this for a political purpose. Nuclear is a certain technology that provides a certain type of electricity. Because batteries are dropping so dramatically down the cost curve, it's really undermining the business case, not that there was one for Australia at the moment. But you'd be a very brave person to bet on that old, outdated technology when the technology around storage is changing so rapidly. That's not a political point.

Senator RENNICK: Just being more specific then, are you talking about the length of time that it can provide backup for? My understanding is most batteries can't provide much more than two to four hours of backup.

Mr Kean: That's at the moment, but the point is that it's evolving so quickly.

Senator RENNICK: How far have we gone from two to four hours? How much further have we gone? Cost is one thing, but battery technology, given it's the storage, is obviously about duration of time. You'd want to get to 24 hours if you're having a couple of cloudy days. You're going to need batteries that can provide 24-hour storage or thereabouts, 12 to 24—a lot more than two to four hours.

Mr Kean: I think we need to be thinking about energy a bit differently. To your point, we don't need 24-hour battery storage necessarily; we need a lot of little storage around the place, complemented by other things. Peaking gas is something that CSIRO talks about. We don't need necessarily all long-duration storage or all short-duration storage. There are going to be a suite of technologies that are going to work together like an orchestra. If you play one of them alone, they're not going to work that well, but if you put them all together, they'll work.

Senator RENNICK: I understand where you're going, but peaking gas is a good example, because that's extremely expensive. There's talk about having to build an import terminal now, because we export it but we won't drill for it here. Yet again, every solution has its downsides, including peaking gas, which is going to be expensive.

Mr Kean: Don't forget peaking gas you're using less than five per cent of the time, which unlocks all the renewable energy. It also unlocks your ability to use a lot more storage on the grid to balance the system and put downward pressure on prices.

Senator RENNICK: In regard to your advice on the economic benefit/cost, presumably cost, does the Climate Change Authority have a figure for the total cost of getting to 80 per cent, 82 per cent renewables by 2030?

Mr Kean: No, that's probably more the domain of AEMO and the market bodies.

Senator RENNICK: Fair enough. They may come up with it. But your purpose here is to give advice on the economic benefits or costs, so surely you should know that number.

Mr Kean: What I will say is that, when it comes to electricity and replacing an ageing electricity infrastructure system, we rely on the advice of the CSIRO and AEMO, which says the cheapest way to replace that technology is firmed renewables. That's their advice.

Senator RENNICK: I don't want to go over Senator Cadell's argument here. I know you say you believe in the CSIRO. I'd argue that science and economics or finance isn't a religion. It's not something you believe in; it's something you've got to understand; right?

Mr Kean: Yes.

Senator RENNICK: If you go and look into the detail, the CSIRO assumes wind has a capacity of 48 to 52 per cent. We know that it's, on average, just below 30 per cent and in the second quarter of this year it was down to below 20 per cent. As I mentioned, there's not enough long-term storage. The lifespan of nuclear and coal power stations is assumed to be 30 years when it's generally considered to be more like 50 years. They excluded the capex of all the renewables going into the system up until 2030, and they exclude the cost of recycling. Yet again, if you've got a coalmine, it has to pay environmental bonds, because it has to clean up the mess after it makes it. But there are no environmental bonds, for example, for renewable projects or recycling or anything like that. That is going to be a cost, whether we like it or not, that is going to come into the system at some point, albeit it might be a decade or two down the track.

Mr Kean: I think there are a number of factors to consider. It's not only the cost; it's also who's going to pay for it. Right now, private capital is flowing into the market to build renewables. If your argument is that the government should be using its balance sheet to crowd out private capital, then you and I are going to have a bit of a different view on that. I think the government balance sheet should be reserved for things that the private sector won't provide—education, public transport, those kinds of things. There is plenty of private capital flowing at low rates that will provide the generation, firming and storage, so the question is: do you believe that there should be big government in this country building energy infrastructure and pushing out private investment, or do you think the private sector should be allowed to come in build the stuff that will also lower household bills so the government can focus its firepower on the parts of the economy and the public services that the people expect?

Senator RENNICK: That's fine. That's a great ideological debate. I'll finish up on this one, though. This is the problem. I'm more than happy for the private sector to come in on the condition that they don't then become a conga line of rent-seeking parasites, which is what we've got in all the subsidies from the government, and I just touched on this morning with the contracts for difference. We've got the CEFC. Yet again, if renewables are cheaper, why do you have to use the government bank and not a private bank? We've got ARENA. We've got the Snowy Hydro project. We've got the lithium chargers. Car battery chargers are being subsidised. We've got a whole raft of subsidies being given to the private sector, and this my problem with the hypocrisy of the neoliberal ideology of 'Let's privatise everything.' What we've seen in the last 20 years is that they've eventually had to go back to the government, cap in hand, asking for more subsidies. By all means I'm happy for the private sector to be involved, but they've got to do it standing on their own two feet.

Mr Kean: Can I say there is no bigger rent-seeking parasite than the nuclear industry. That's exactly what they're coming to the people of Australia with their hand out for—

Senator DAVEY: Are you calling ANSTO a parasite?

Mr Kean: They're not energy producers. But if you want to see who is rent-seeking and trying to pull one over the eyes of the Australian public, it's the nuclear industry. They're propping up the coal industry, who want to extend their business models and squeeze out the last bit of profit at the expense of Australian consumers.

Senator RENNICK: I don't think it's fair to say you're propping up the coal industry.

Mr Kean: No, I'm not saying that; I'm saying the nuclear industry are the biggest rent-seeking parasites, to use your language—

Senator RENNICK: Not yet they're not. Right now it's renewables, because nuclear power hasn't been built yet.

Mr Kean: They're looking to be.

Senator RENNICK: We're not there yet. We're talking about now. I might add, if you're going back to coal—

Mr Kean: People are going to pay a lot of rent to these vested interests when there's no business case or economic case for it, and I think that has to be drawn out here by this committee.

Senator RENNICK: As I said, there are a lot of assumptions. I'll leave it at that.

CHAIR: Mr Kean, thank you very much for joining us. We do appreciate it. Mr Archer, thank you so much. We will now let you go, and I will ask Snowy Hydro to come to the table.

Snowy Hydro Ltd

[15:12]

CHAIR: Welcome to Snowy Hydro Limited and Mr Barnes. Good to you have back. Would you care to make an opening statement?

Mr Barnes: Yes, I will, just a brief one. Good afternoon, and thank you for the opportunity again to provide this update. I'd like to begin by acknowledging that we're on Ngunnawal land and pay my respects to elders past, present and emerging. Snowy Hydro remains essential to the stability of the national electricity market as we progress through this critical shift towards net zero emissions. The high-capacity, long-duration storage Snowy 2.0 will provide means it is the most important renewable energy project in Australia. Essentially an energy storage battery on an incredible scale, Snowy 2.0 will be capable of powering three million homes for a week. In terms of delivery, Snowy 2.0 has achieved some of its highest productivity to date and is now a little over 60 per cent complete. The project is on track to be completed in December 2028, and we've a budget of $12 billion.

The Hunter Power Project is set to begin its phase testing and commissioning. Commissioning will begin with one generator running on diesel. The second generator, along with the introduction of gas, will follow shortly thereafter, with full operations expected within a few months. Finally, Snowy Hydro delivered sound financial performance in the prior financial year, resulting in a dividend of $236 million. It also saw our retail business's market-leading customer service and competitive products result in strong customer growth, and our total customer accounts are now over 1.4 million. Thank you, and I welcome your questions.

CHAIR: Maybe you could start by telling us how Florence is going.

Mr Barnes: Florence is going.

Senator CADELL: But not very well.

Mr Barnes: No, Florence has now traversed more than 1.6 kilometres. We had a bit of trouble—

Senator CADELL: Since last time or total?

Mr Barnes: Total. We had a bit of trouble earlier in the year in very hard rock, but it is now progressing to plan. So we're comfortable that Florence has found her groove.

CHAIR: Excellent. That's really good news. Senator Davey.

Senator DAVEY: What is Florence's new friend's name?

Mr Barnes: We haven't got a name yet.

Senator DAVEY: Are we having a competition?

Senator CADELL: Otherwise it'll be Borey McBoreface!

Mr Barnes: We're engaging with local Indigenous populations to determine whether they would like to name it. We've not had an answer yet. As soon as they give us an answer, we will probably run some form of process to name her.

Senator DAVEY: And when is No. 4, in the absence of a name, landing and going to commence drilling?

Mr Barnes: I would prefer we just called them one to four.

Senator Ayres: I think there's a set of risks, really, in naming boring machines! I can think of a few boring machines around here, and I think—

Senator CADELL: But, to be fair, Florence is a machine!

Senator Ayres: I think the pejorative opportunities there should be left aside.

Mr Barnes: It is a tradition of tunnellers to name them after females, and they're very superstitious, so we wouldn't not name them. But the fourth TBM, No. 4, is due to start tunnelling this time next year, pending approval from New South Wales Department of Planning, Housing and Infrastructure.

Senator DAVEY: Why does New South Wales need to approve it when you're not changing routes?

Mr Barnes: The vast majority of the work to launch and operate TBM 4 is within our current construction approval. But we will require to build a new portal to launch TBM 4. The prior plan of using one of the existing TBMs meant that all of that work would have happened underground, so we do need a new portal to be built to launch the TBM. But the approval we requested is for that works. The works in total is actually well within our construction approvals so far. But, because it is a new piece of work within our construction boundary, it's appropriate to go for approvals.

Senator DAVEY: And how much extra is No. 4 adding to the total project cost?

Mr Barnes: It's within the $12 billion target. The machine itself is in the order of $75 million.

Senator DAVEY: And completion by 2028?

Mr Barnes: Yes.

Senator DAVEY: So that's when we'll turn on the turbines, the pumps?

Mr Barnes: The commissioning of the pumps will begin in 2027. The full operation of the plant, where we have water going between the two lakes, with six units operational, is December 2028. But there will be a commissioning and power in mid-2027.

Senator DAVEY: Just clarifying, with the way the system will operate, we're not losing water from Snowy Hydro's system, and you'll operate the turbines when the energy market needs power, and then you will turn your pumps on to pump it back uphill when there's an abundance of power in the system?

Mr Barnes: That's right. It's a closed system. We don't rely on inflows, and there's no loss to the normal operation of the scheme.

Senator DAVEY: That's a nice segue to my next questions, because storages in the Murray-Darling Basin outside of the Snowy scheme are healthy at the moment, but things appearing to drying out. What's it looking like within the Snowy scheme?

Mr Barnes: We have seen a drier six months, but our storages are sitting around average with Eucumbene, I think, 51 per cent full at the moment. We feel we have enough storage to support water licence obligations but also the energy market for a few years.

Senator DAVEY: There's no look at going into drought reserve?

Mr Whitby: Not at this stage.

Senator DAVEY: Fully going to meet the required annual release obligations for both systems—Murray and Murrumbidgee?

Mr Whitby: For this water year, yes.

Senator DAVEY: The snow season, though, wasn't that great this year, was it?

Mr Barnes: I think we've had perhaps the lowest peak in long time.

Mr Whitby: In terms of the snow—yes. Inflows were well below average but certainly not as low as we've seen them previously.

Senator DAVEY: Okay. So it wasn't the lowest on record but lower than average.

Mr Whitby: Correct.

Senator DAVEY: Thank you.

CHAIR: Senator Rennick.

Senator RENNICK: Where are we at now in terms of the budget and percentage of completion? Did you say you were at 1.8 kilometres through?

Mr Barnes: The total tunnelling of the whole project is 40 kilometres, of which 27 kilometres is permanent tunnels. Florence is only drilling one of the tunnels. The two access tunnels are fully complete at three kilometres each. The tail race tunnel, which is being drilled by Eileen, is at four kilometres out of six. Kirsten, which is drilling an incline tunnel to go from the power station to the top tunnel, is only a couple of hundred metres into the 1.8-kilometre drive.

Senator RENNICK: So the big one is Florence?

Mr Barnes: The big one is Florence.

Senator RENNICK: And it's, what, 1.6 and 1.8 kilometres out of how many?

Mr Barnes: 17.

Senator RENNICK: So we're only about 10 per cent of the way through.

Mr Barnes: Yes. TBM 4 will go in at the other end and complete a couple of those kilometres.

Senator RENNICK: Okay. But at this stage we're just 10 per cent of the way through. Now, the budget for Snowy Hydro, if I'm correct, is $12 billion.

Mr Barnes: $12 billion.

Senator RENNICK: And how much have you spent so far?

Mr Barnes: At the end of September, I think we'd spent $6.6 billion and we were 61 per cent complete on the project as a whole. Just to give you a bit of context, the operation of the tunnel-boring machines is not the most costly exercise. There are only 20 operators on a tunnel-boring machine. The vast majority of the people are involved in excavating the cavern and the transformer hole that the equipment will go into.

Senator RENNICK: Right. Do you foresee any more issues in the remaining 90 per cent of the dig for Florence?

Mr Barnes: The geology will be variable. It'll continue to be variable. But, as we've got on to the straight, we have been operating at the 12 metres on average that we need to operate to achieve the target of December 2028. One of the reasons for TBM 4, not the primary reason, was that, in the event that TBM 4 traverses the other end of the tunnel, it can just keep going and pick up any slack that Florence may have. The prime reason for TBM 4 was because we knew the geology at the 16th kilometre, or the second kilometre, depending which way you're coming from, was very fractured and very variable.

Senator RENNICK: Okay. The forecast completion date now is December 2028.

Mr Barnes: Yes.

Senator RENNICK: What was the initial forecast completion date? Can you remember?

Mr Barnes: I can't remember. It was before my time. When we reset the project in middle of last year, we determined December 2028 and we've stuck to that.

Senator RENNICK: The initial forecast budget was $2 billion, wasn't it? And it's blown out to $12 billion. Is that correct?

Mr Barnes: The original approved project was $5.96 billion.

Senator RENNICK: So it's double. My apologies. I thought it was $2 billion. So it's doubled, and we're looking at December 2028. Thank you.

Senator Ayres: I think it is fair to say, Senator Rennick, that there were, on final investment decision of that project, some design immaturity questions—that is, some of the questions that perhaps should have been resolved at FID weren't resolved. The previous government did keep that piece of information about the 12-month extension on the project delivery under its hat, which of course had a political dimension—that is, the Australian public didn't know about it. But it was unfortunate that the states and territories and AEMO, who rely upon that kind of information, weren't aware. That is regrettable, but the project is making much better progress.

Senator RENNICK: Minister, I believe in full transparency, and that's why I asked this morning for the contract-for-difference costs. I think everything should be on the table, and if there's one thing that annoys me it's that, when I come to these estimates, I'm constantly not given data because of commercial in confidence, and yet government constantly—both sides, both major parties—are constantly spending taxpayers' money without being fully transparent, without proper planning.

Senator Ayres: On that question, if the government revealed what it had budgeted for costs for difference, it would indeed cost the taxpayers a lot more. We are protecting taxpayer dollars, and that is—

Senator RENNICK: Time will tell when we see the figures. When we see the figures, we'll make that decision.

Senator Ayres: That is a prudent commercial approach for government to take to protect—

Senator RENNICK: The corporates—not the taxpayer. Is that what you're saying?

Senator Ayres: To protect the interest of taxpayers, you don't give the game away in a commercial negotiation before you start it.

Senator RENNICK: Right.

CHAIR: Senator Darmanin.

Senator DARMANIN: I was wondering if you could just outline the value of the Snowy and what it will provide to the NEM.

Mr Barnes: Snowy 2.0 provides three functions, and these were the revenue sources we outlined in the business case we released earlier this year. One was the provision of capacity such that renewable developers or any participant in the market can buy a contract from Snowy which protects their price risk in the national electricity market. That was roughly a third of the revenue source, and 60 per cent of the revenue source is the time shifting of renewables. We will generate 5.3 terabyte hours of electricity, which will be from renewables that have been pumped up into the upper reservoir at times of low demand and lower price. And then an important part for the grid, but a small part of the revenue, is stabilisation services for the grid such that we can provide

frequency control services. I think that was about six per cent of the revenue. If you're an engineer, these pumps are amazing. They can pump and generate at the same time and provide frequency support for the grid—so quite incredible.

Senator DARMANIN: Thank you. That's it.

CHAIR: Senator Cadell.

Senator CADELL: I'll go to the Kurri Kurri site first. You said one generator is to start very soon. How soon is very soon?

Mr Barnes: We've provided information to AEMO, which is public and includes a date range of 21 December to the end of April.

Senator CADELL: So there's no certainty we'll make December like we said we would.

Mr Barnes: There are a lot of moving parts.

Senator CADELL: Given it takes nine days out of a 79-day window.

Mr Barnes: We're still targeting December for first testing of that first unit. It's a complex project when you get to the end, and we're obviously trying to schedule it in the best way possible.

Senator CADELL: There was media reports—I haven't seen anything official—that you applied for an increase from 175 hours on diesel to 1,100. Is that correct?

Mr Barnes: The environmental approval for Hunter in steady-state operations is to operate 1,150 hours a year, maximum. And 10 per cent of that is allowed to be on diesel. Because gas won't be available until what we believe now to be the first week of March, we've applied for a temporary relief on that constraint on diesel. But we would expect to be running on diesel only in commissioning and only for a number of weeks.

Senator CADELL: On those numbers, have you applied to increase—

Mr Barnes: For a temporary increase. We fully expect—

Senator CADELL: How much—for a quantity or over a period?

Mr Barnes: The way the approval works, you apply for it for a year. My full expectation is, if we're commissioning on diesel, it will only be for a few weeks.

Senator CADELL: Okay. So how much have you applied for for the year?

Mr Barnes: We've applied for 1,150 hours.

Senator CADELL: Which is almost 10 times—

Mr Barnes: Yes, and I fully expect when the gas is available, which we now expect to be early March—

Senator CADELL: Is that a delay on the lateral, or are you building—that's still a year away. Are you building an onsite holding facility?

Mr Barnes: No, the lateral is complete. The onsite holding facilities which connect the lateral to the power station are the ones that won't be complete till—the current date is 10 March.

Senator CADELL: My lovely question is: have we sourced any hydrogen for burning green hydrogen at the plant as per the site?

Mr Barnes: We've not conducted any activity to source hydrogen. What we have confirmed with Mitsubishi heavy industry formally now is that the plant can run on 30 per cent hydrogen with some with some modifications to the plant.

Senator CADELL: How much are those modifications?

Mr Barnes: They're in the order of $75 million.

Senator CADELL: Per generator?

Mr Barnes: No, for the whole plant.

Senator CADELL: Is there a business case being prepared for that?

Mr Barnes: We've not provided advice to shareholding departments yet on the 30 per cent, and that would be with the departments to determine what to do next.

Senator CADELL: Is it still the 15 per cent without modifications?

Mr Barnes: It's 15 per cent burner capability but with some modification. We didn't ask that question. We asked the 30 per cent question.

Senator CADELL: So as it stands, when it's going to be commissioned, how much hydrogen could it burn without any modifications?

Mr Barnes: It couldn't burn hydrogen without some modification. The burners are capable of 15 per cent hydrogen on commissioning.

Senator CADELL: Right. It's probably a comprehension problem, not an answer problem. Originally, we were hearing you were saying that it could take 15 per cent as it was to be modified to 30. It can take nothing until it is modified? Is there only one—75 million gets you hydrogen at some level, which is 30, but—

Mr Barnes: It's 30 maximum.

Senator CADELL: Okay. External factors not your control, Origin pulling out of the Hydrogen Hub in the Hunter, is that going to have effects on what you estimate supply when you can start burning hydrogen?

Mr Barnes: We have not done any estimations on supply.

Senator CADELL: Okay. Just on flights, there was travel questions last time that you took on notice and you have answered us. Am I reading that there is charter flights from I think Brisbane, Sydney, somewhere else—a third one.

Mr Barnes: Melbourne.

Senator CADELL: Melbourne. Three times a week, one each, or three times a week each destination?

Mr Barnes: I think we have 16—so, 32 a week.

Senator CADELL: Return or legs?

Mr Barnes: Sixteen returns from those three capitals to Cooma, but that's contracted by the Future Generation Joint Venture to move the workers to the Snowy 2.0 site.

Senator CADELL: Right. So that comes under the contract, but not you guys special specifically.

Mr Barnes: No, we obviously pay for it and we have oversight of how they do it, but it's a Future Generation contract.

Senator CADELL: If you have oversight, was that put to tender or was that a direct link, do you know?

Mr Barnes: I don't know the answer to that question. It was before my time.

Senator CADELL: Right. Could you take that on notice?

Mr Barnes: Yes.

Senator CADELL: And who is it contracted to currently?

Mr Barnes: Qantas.

Senator CADELL: Okay. And there is only workers, only FIFO? There are no tickets sold on it or anything like that?

Mr Barnes: No, it is just charter for work.

Senator CADELL: Done. Next question on the travel stuff. On notice, and I take your notice here, there was a fair bit of overseas travel and where we go—you broke it down in between—I'm just finding the right number—between domestic and international travel, 947,000 international travel. And is the acceptance factory acceptance tests were largely the reason for a lot of international travel?

Mr Barnes: Yes, that would be our primary need for international travel.

Senator CADELL: Factory acceptance test for what? How many personnel typically go on that?

Mr Barnes: I mean, if we are talking Snowy 2.0, which I think those numbers would include, then the bulk of the turbine equipment is being manufactured in Shanghai. We have a permanent person in Shanghai. And typically when the quality engineers are visiting to do those tests, it would be two or three. And then separately for our business-as-usual activity, where we buy generators and various bits of kit from around the world there would be one or two.

Senator CADELL: So go over, plug it in, make sure she works, say, 'Yep, beauty, thanks very much.'

Mr Barnes: It's a bit more detailed than that, but in concept.

Senator CADELL: The Ross Cadell version. Okay. That's all.

Senator Ayres: It made sense if someone was listening. I think it was important to have the Chief Executive Officer point that out for the purposes of the *Hansard*.

Senator CADELL: Coming from the Port of Newcastle where we paid $40 million for a ship unloaded that five years later is about to work, I understand the influence of on site.

Mr Barnes: Snowy 2.0 has a 150-year design life, so we want to make sure the other bits will last 150 years.

Senator CADELL: Thank you, Chair. That is all I have.

CHAIR: Thank you. Senator Roberts.

Senator ROBERTS: I don't know if this was asked before, but is Florence moving?

Mr Barnes: Yes.

Senator ROBERTS: How long has she been moving?

Mr Barnes: She has been moving in a more predictable fashion since July and a total length of 1.6 metres and we are now achieving—kilometres. That was true a year ago. We're now achieving the rates we need to achieve the target date of December '28.

Senator ROBERTS: How far has it drilled since July?

Mr Barnes: I would have to come back to you on that specific.

Senator ROBERTS: Okay. Can I ask about maintenance on the tunnel boring machines. I understand a cutting head inspection must be performed every mere six to eight metres, stopping every two metres for concrete behind. Is that a fair statement of the normal operation of a TBM?

Mr Barnes: The way the TBM advances is that it excavates a two-metre length, and the concrete segments that form the tunnel lining are then placed into the—the circumference of the tunnel. And that takes about 40 minutes, typically. So in that 40-minute period someone will inspect the cutter head to make sure that they can then do the next two metres. Periodically, we stop it for longer and do maintenance and replace some parts.

Senator ROBERTS: As I understand it, weekends are normally used for the inspections on the cutter head.

Mr Barnes: Snowy 2.0 is a 24/7 operation, so it happens as it occurs. So, if it was a Wednesday evening when we have to do some maintenance, that's when we would do it.

Senator ROBERTS: How long has it been 24 hours?

Mr Barnes: Since the start of the construction.

Senator ROBERTS: Since the start. Okay. Thank you. Is it true that the cutting wheels were not replaced at the correct time sometime in the last few months and that the tunnel is, as a result, being built to 11.4 metre width?

Mr Barnes: The tunnel—

Senator ROBERTS: I think the specification is 11.5.

Mr Barnes: I can't remember the exact figures, but the tunnel boring machine does construct a circumference which is over 11 metres and then there is ground and a concrete segment that brings the interior of the tunnel to just under 10 metres.

Senator ROBERTS: What are the specifications on the drill before you put the lining? Is it 11.5 or 11.4?

Mr Barnes: It's just over 11. I think that's the number.

Senator ROBERTS: Just over 11?

Mr Barnes: We can come back on notice, but it is over 11, and then the internal circumference is under 10 because—

Senator ROBERTS: I would have thought they would be very important specs.

Mr Barnes: Well, they are very important specs, but I don't keep every number in my head.

Senator ROBERTS: No, I understand that, but that would be fundamental to the project, wouldn't it?

Mr Barnes: Yes, they are fundamental, and we have an international design joint venture of Tractebel and Lombardi who have signed off on these as specifications that will last 150 years.

Senator ROBERTS: Is there anyone in the room who knows what the designed cutting diameter is? 11.5, 11.4?

Mr Barnes: No.

Senator ROBERTS: No-one?

Mr Barnes: No, but we can provide you that information on notice.

Senator ROBERTS: So, as I understand it, the cutting width spec is 11.5 and that because the cutting wheels were not replaced at the correct time, the tunnel as a result is 11.4, which caused Florence to get wedged on a bend. Is that correct?

Mr Barnes: That's not because of the design characteristics. There was a period in May when we hit very hard rock as we were going around a bend, and that hard rock wore down the edge cutters quite dramatically. I think that happened—I will get these dates wrong, but it happened on a Thursday. We were public on the Friday with that information, and on the Monday we had a specialist crew on site who used high-spec water blasting to relieve that pressure. Florence has now moved forward and is on the straight so doesn't have any corners to deal with.

Senator ROBERTS: So, for clarity, you are saying that Florence never cut a width of less than 11.5. I just said that the spec was 11.5 and the reason it became stuck on a bend was not because the tunnel was being cut to a lesser width, 11.5, as a result of overextending the life of the cutting wheels to speed up excavation?

Mr Barnes: No.

Senator ROBERTS: Okay. Could you please provide the maintenance log on notice of inspections and replacement of the cutting wheels on Florence for the last two years?

Mr Barnes: Probably. I'm not sure what that would help the minister with—

Senator Ayres: We will take that on notice, if we can, and see whether that is something that we can sensibly provide.

Senator ROBERTS: Swinging quickly to Kurri. What is the completion date of the Kurri gas pipeline? I understand the power station will have to burn diesel until the gas pipeline is connected. Is that correct?

Mr Barnes: The current schedule is for the gas infrastructure to be completed by 10 March.

Senator ROBERTS: 10 March next year. Where is the gas coming from and how secure is your supply over the timeframes of 10 years and 25 years?

Mr Barnes: So we rely on a gas portfolio drawing on the national gas grid. We have a range of contracts. Sometimes we access the wholesale market on the day. We announced earlier this year that we had entered into a gas storage arrangement in western Victoria. So I think the simple answer is that it's a portfolio approach.

Senator ROBERTS: Who owns the storage facility in Victoria?

Mr Barnes: It is owned by a company called Lochard Energy.

Senator ROBERTS: Above ground energy?

Mr Barnes: It's underground storage. The Iona Gas Storage Facility, I think is the name of the facility.

Senator ROBERTS: So it's rock. It is not lined?

Mr Barnes: No, it's an old geological storage cavern.

Senator ROBERTS: The *Newcastle Herald* reported on the Albanese government commitment of $7 million on top of the current $950 million construction cost to allow the plant to run on a blend of hydrogen and gas. How far advanced is the hydrogen component at Kurri?

Mr Barnes: We have now had confirmation of Mitsubishi Heavy Industries that with some notification, we can run at 30 per cent hydrogen.

Senator ROBERTS: How far advanced is the hydrogen component of the Kurri plant?

Mr Barnes: We have proven technically with our equipment provider and with some modification, which we have not yet committed to, that would enable us to run 30 per cent hydrogen.

Senator ROBERTS: Any idea of the completion date?

Mr Barnes: We are not currently executing that project.

Senator ROBERTS: So where is the—you are not executing the project on hydrogen?

Mr Barnes: No. We know it is technically capable.

Senator ROBERTS: That's the end of it for now.

Mr Barnes: For now, yes.

Senator ROBERTS: Where would the gas come from? Mitsubishi?

Mr Barnes: Mitsubishi are the turbine manufacturer. The question of hydrogen supply we haven't assessed.

Senator ROBERTS: Any idea at all? Hydrogen is very expensive to produce, as I understand it.

Mr Barnes: Yes. We haven't assessed that.

Senator ROBERTS: You haven't assessed the cost?

Mr Barnes: No.

Senator ROBERTS: Okay. Thank you so much, Chair.

Senator SHARMA: Snowy Hydro is Red Energy and Lumo. That's correct, isn't it?

Mr Barnes: Yes.

Senator SHARMA: Where do I see their financials? I couldn't find it in your annual report.

Mr Barnes: We run Snowy Hydro and its retail activity as a consolidated activity.

Senator SHARMA: As a consolidated. So it's in your financial reports.

Mr Barnes: It is in the numbers.

Senator SHARMA: Did the profits of Red Energy and Lumo increase last year? Can you give me a sense how they performed as standalone entities or can your CFO?

Mr Barnes: We don't report on that basis and we don't account on that basis. They had a successful year in terms of customer satisfaction and customer numbers, but we don't publish the individual profit figures for the divisions. Because we don't actually get them audited or accounted for because it's a consolidated business.

Senator SHARMA: Okay. So I'm not missing something; it's rolled into the consolidated annual report.

Mr Barnes: Yes.

Senator SHARMA: Okay. And then I just wanted to ask about remuneration as well. I don't know if you are the right person, Mr Barnes, because I was going to ask about yours as well as the—if you want to put your chief financial officer up.

Mr Barnes: I don't have the CFO—but it is a question for the board but ask and I'll—

Senator SHARMA: Can I just ask, because I have seen, I think, your annual report on page 38 has the current base salary and fees: has that been set now for 2024-25 for the senior officeholders? So that's yourself, Mr Graham, Ms Josling, Mr Whitby and Mr Wymer.

Mr Barnes: Yes.

Senator SHARMA: And what are those figures?

Mr Barnes: We will report those in next year's annual report, but for your benefit, between 2 and 4 per cent increase.

Senator SHARMA: Okay. Just in terms of who is listing here, the executive figures, how are those—those are the five highest-paid individuals in Snowy Hydro. The ones I just mentioned. Is that why they are there?

Mr Barnes: We don't list them on that basis but they are the key management personnel, which I think has a definition of those with significant operational control, but it does overlap with the five highest paid.

Senator SHARMA: Okay. Alright. So, the salaries of these key management personnel increased by between two and four per cent for next year.

Mr Barnes: Yes.

Senator SHARMA: Thank you.

CHAIR: Great. Thank you very much. Thank you, Mr Barnes. We appreciate your time.

Mr Barnes: Thank you.

CHAIR: We will see you again soon. We might conveniently just break for afternoon tea now and return at 4 pm with the Clean Energy Regulator.

Proceedings suspended from 15:44 to 15:59

Clean Energy Regulator

CHAIR: Welcome back, everybody. I would like to welcome the officers from the Clean Energy Regulator. Mr Carl Binning, thank you for coming. Do you have an opening statement?

Mr Binning: I don't have an opening statement. I would just note that Mr Parker, our permanent chair, is taking very well-earned long service leave, so I'm in the hot seat for a couple of months.

CHAIR: Thank you very much. We appreciate you coming. We'll start with Senator McDonald.

Senator McDONALD: Good afternoon. I have some questions about the beef cattle herd management emissions reductions rules. This method provides rules for crediting emissions reductions from pasture-fed beef cattle as part of the Australian Carbon Credit Unit Scheme. Emissions reductions achieved through altering

management practices for beef herds are to receive carbon credits. But, to use this method and participate in the ACCU Scheme, you need to apply to the Clean Energy Regulator. When did this option become available to the pastoral industry?

Mr Binning: I don't have the date of when the method was made, but we'll see if we can get that for you in the next couple of minutes. But it's been on foot, I know, for a number of years.

Senator McDONALD: How many cattle producers have participated or are participating in the program?

Mr Binning: Again, I don't have statistics with me at that level of detail, but I'll ask my colleague Ms Crosbie just to look it up. If you move to your next question, I'll happily come back.

Senator McDONALD: Thank you. How many ACCUs have been generated?

Mr Binning: Ms Crosbie will provide an answer.

Ms Crosbie: What I can say is the beef cattle herd management method was made in 2015. There are 11 projects registered with the Clean Energy Regulator under this method. I think your question was how many landholders—

Senator McDONALD: Cattle producers.

Ms Crosbie: I'm sorry, but I don't have that information. I just have that there are 11 projects registered. So we could take that on notice.

Senator McDONALD: Are the 11 discrete properties producers, or are they cross-sector? How would you describe them?

Ms Crosbie: Again, I don't have the details of the individual 11 projects on hand.

Senator McDONALD: Would you be able to get those while we're speaking? Would somebody be able to research it out the back and bring it up to you?

Mr Binning: I think we'll probably take it on notice, Senator. What I can say is there are those 11 projects that have been registered under the 2015 methodology.

Senator McDONALD: Given that there are roughly 30,000 producers, 11 doesn't sound very much. My feedback is the process is very difficult and the department takes years to pay. Do you have any information on dates that those 11 projects registered? And what was the time period before you started to make payments?

Mr Binning: The Clean Energy Regulator doesn't make payments, per se. It issues Australian carbon credit units. If those projects are a part of a contract under our Emissions Reduction Fund, then those ACCUs can be surrendered to us in receipt of payment. The key concern we've had with the beef herd methodology has been a calculator which is used to verify the emissions savings, and that calculator was found to have a number of errors, and there has been a lot of work done over the last eight or so months to try and resolve those errors and allow reporting to be resumed.

The department has the primary responsibility for the construction of that calculator, but I'm pleased to report that the testing of the calculator has now been largely complete, and we're working quite closely with the project proponents to accelerate now their reporting. I acknowledge the patience that has been shown by the cattle industry as we've worked through those issues, and I'm very optimistic in the coming months we will be able to move forward with the credited process.

Senator McDONALD: I'll come back to the calculator; I've got some questions around that. Am I correct that you don't have any information on the 11 projects, whether they're discrete producers and the sorts of timeframes from when they were registered to when payments might have started or ACCUs were generated?

Mr Binning: We certainly have that information within our records. I'm very happy to provide that on notice. In preparation for estimates, we tend to report at the method level rather than at the project level. There are over a thousand ACCU projects in our registry, so it's not possible to bring all of that data with us.

Senator McDONALD: I appreciate that. I'm hopeful that this won't take until the next estimates for you to respond. I'm reflecting on you the behaviour of some other committees that I go to. In what sort of timeframe do you think I could expect that information?

Mr Binning: I'm happy for us to forward to you quite quickly that information.

Senator McDONALD: Within the next two weeks?

Mr Binning: Within the next couple of weeks—that's fine.

Senator McDONALD: Thank you. What I'd also like to know is: What is the actual process? How does it work from the generation of the credit by the farmer to the payment for the credit to the farmer?

Mr Binning: I'll just reflect the process at a general high level, and then Ms Crosbie may want to into a little more detail. But, in general, we credit after the sequestration has occurred. Projects will tend to report on about an annual cycle—so once a year. But they can report more frequently if they wish. And it involves, in the case of the beef herd, a process that they use this calculator, which I previously mentioned, to calculate the emissions savings, and then there are a number of other quality assurance processes that get followed, and then they will submit an application for crediting. The CER will then process that application. If there are no issues, that's a fairly quick process, usually within 90 days, and then they are provided Australian carbon credit units. Those units can then be sold on the market, or, in the case where proponents have an Emissions Reduction Fund contract with the government, they can then surrender those units to the government and be paid the agreed contract price.

Senator McDONALD: Do you know how long that takes? I understand that, from the reporting of the sequestration, it takes 90 days to get the credit generated. How long between that generation and payment for the credit if it is under a government contract as you suggested?

Mr Binning: Again, in order to be accurate I would have to take that on notice. But 'within an administratively reasonable timeframe' is the comment that I would make.

Senator McDONALD: That's a great phrase—and if we could just clarify if our ideas of reasonable timeframes align.

Mr Binning: Again, I would just reflect and place on record that the challenges that the industry has faced with the calculator have been significant and caused extensive delays, and we would acknowledge those delays and the impacts.

Senator McDONALD: I guess I'm trying to understand delays in payment or payment times, if you've done the work, you've got the sequestration, you've generated the credit, the ACCU—so that process outside of the calculator. I'm told that there have been delays in payments, so I would like to get a really clear understanding of, in the response in the next couple of weeks, for those 11 proponents, the 11 programs, what the timeframes and the payments have been. And, if there are delays, I'd like to understand that, please.

Mr Binning: Yes.

Senator McDONALD: Thank you. I'll just turn back to the calculator. It has been relayed to me that neither version 3.2 nor version 1.3 nor any previous versions of the calculator can appropriately be used to determine abatement as required by section 23(a) of the method. And, because all versions of the calculator have been unavailable for use while the errors are being fixed, offsets, reports and ACCUs can't be assessed during this time. Can you tell me when the problems were detected and when they will be fixed.

Mr Binning: Again, I'll have to take the precise timing on board, but, as I understand it, it would have been late 2023 or early 2024 that the problems emerged. We've been working with the department, who, as I said, have the primary responsibility for the design of the calculator, and we're reaching the conclusion of that process.

Senator McDONALD: Do you know how many pastoralists have been affected and how they have been affected?

Mr Binning: I don't know the number of pastoralists. I've certainly interacted with a number of impacted stakeholders. But as I said, there are currently the 11 registered projects, so that would represent an outer bound.

Senator McDONALD: Can you identify how they've been affected, in addition to not being able to use the calculator?

Mr Binning: It really comes to the ability to develop and have ACCUs issued. That means that they can't then realise the value of those ACCUs. Stakeholders have also raised, on a number of occasions, concerns with us around their end-of-financial-year financial reporting.

Senator McDONALD: Have you retrospectively changed the calculator and the inputs that farmers are to collect to not align to beef cattle industry operations and still have errors in your calculator but are calling these changes errors to usability issues?

Mr Binning: I'd have to refer that question to the department, who has the responsibility for developing the calculator. I'm satisfied that the calculator as it now stands is in a form that provides accurate assessment. We've had that process now verified by the CSIRO. The calculator is not a simple tool. It's a complex tool, so there still remain a number of issues related to its usability. And we are working very closely with the impacted project proponents to ensure we can work through those issues in as timely a manner as possible.

Senator McDONALD: I'll give you one example

CHAIR: I need to rotate the call.

Senator McDONALD: Yes, could I just finish on this section, please?

CHAIR: Yes.

Senator McDONALD: Thank you. One example I've been given is that there is an assumption that farmers sell their entire herd and buy it back every year—for example, lactating cows. This is obviously not in line with farming principles and wouldn't work. When you come back to me with your response on the department's responsibility for designing this, I want to be very specific that the department is not using unreasonable requirements of herd management, please.

Mr Binning: Yes. I'm happy to do that. I'm obviously not an expert on beef herd management and the calculator itself. I don't have those people with me today. But, if you can outline that concern as specifically as you can, then we would be delighted to come back.

Senator McDONALD: It is specifically that there is an assumption the farmers sell their entire herd every year and then buy the herd back each year, which obviously, to even the most unsophisticated of operators, doesn't make sense.

Finally—Chair, thank you—I want to assume that all growers who met the old rules and were audited under the old rules were paid and, for delays in payments, I want to know how many they were, how much and how many years farmers are being asked to wait to be paid.

Mr Binning: Yes. I will take those questions on notice.

Senator McDONALD: Thank you very much.

CHAIR: Senator Van.

Senator VAN: Thank you for appearing. As the Clean Energy Regulator, your remit is mostly around carbon offset certificates et cetera. You don't have a broader regulatory function across other parts of the energy industry?

Mr Binning: We're an economic regulator whose purpose is to accelerate carbon abatement. We principally work on the side of the market that you've just discussed, which is the creation of carbon credits through both carbon sequestration and avoidance. We also administer the regulation of the safeguard mechanism and the National Greenhouse and Energy Reporting. In addition to that we administer the renewable energy target, so that's the established mechanism through which renewable projects are registered and issued certificates. Finally, we're in the final stages of working through the establishment of the nature repair market, which will open in the early part of next year. The responsibility for the rules and the legislation that support the nature repair market is with the department, so they still have a little more work to do. But we've been busy standing up the back-end infrastructure that will support the market once established.

Senator VAN: You may or may not be aware that I'm chairing a committee looking at energy planning and regulation in Australia, particularly around the governance of that. Do you see the Clean Energy Regulator having a governance role across the energy market bodies?

Mr Binning: I'd just reflect that ultimately these are matters for government, so the government will determine what its priorities are and which of its agencies ought administer. Depending on the nature of the issues, what I would say is that, in the detail of the electricity market, where there are deep engineering skills required, that's an environment where we have less capability. We have capability in the administration of markets, so we would generally, when advising government around these issues, play to our strengths.

Senator VAN: As an economic regulator you would be well placed to give a view on the economic benefits or otherwise, particularly arising out of the planning process which is designed to drive our transition to net zero.

Ms Munro: You may be unfairly asking quite detailed policy questions of the regulator here. That is not its current role, that level of detail or oversight. Again, as Mr Binning would say, those questions really are questions for the government.

CHAIR: Senator Van, I would say you do have an inquiry ongoing, and this is estimates, which is different,.

Senator VAN: I understand completely, and I will not take much more time. Mr Binning, CER has an MOU with AEMO. Is that correct?

Mr Binning: I might ask Mr Williamson to comment on that.

Mr Williamson: Yes, we do. We do exchange data with AEMO.

Senator VAN: It's just an information-sharing MOU?

Mr Williamson: And data. AEMO likes to get our data on the Small-scale Renewable Energy Scheme in particular for the creation of entitlements for green certificates. We use AEMO metered data to verify claims for

large-scale generation certificates. But also we share data around what's happening in the pipeline for new renewables, so we value each other's insights in those matters.

Senator VAN: Other than extending an invitation for you to put in a submission to the inquiry, I'll pass back to the chair.

Senator DUNIAM: Thanks for coming along. I want to go to 'Priorities for ACCU Scheme proponent led method development announced', which was a statement put out on 30 October, I believe, relating to the work of the regulator. Does that ring any bells?

Mr Binning: We administer the scheme, but we're no longer responsible for the development of methodologies. That responsibility sits with the department.

Senator DUNIAM: Right, I'll put them on notice, then. How about we do that. We've just saved ourselves a lot of time, perfect.

Senator ROBERTS: Thank you for appearing again today. I have a similar question to the others in the alphabet soup of climate change and energy agencies. As simply and specifically as possible, what does the Clean Energy Regulator do? Could you tell me the basic accountabilities and the uniqueness of those accountabilities?

Mr Binning: As I stated previously, we're an economic regulator for the purpose of accelerating carbon abatement for Australia. We do this by administering a range of schemes on behalf of the Australian government.

Senator ROBERTS: Did you say you were an accelerator or a regulator?

Mr Binning: A regulator. We have two outcomes currently within our corporate objectives. The first is to contribute to a reduction in Australia's net greenhouse gas emissions, including through the administration of market based mechanisms that incentivise reduction in emissions and the promotion of additional renewable electricity generation. The second is to contribute to the sustainable management of Australia's biodiversity through the administration of market based mechanisms.

Senator ROBERTS: Is your uniqueness the latter?

Mr Binning: Our uniqueness is that we manage or administer the various government schemes, particularly where they involve the formation of a market.

Senator ROBERTS: The carbon dioxide market or carbon market?

Mr Binning: Yes, Senator.

Senator ROBERTS: How many employees do you have?

Mr Binning: We have around 400.

Senator ROBERTS: Could you tell me the breakdown of permanent and employees and contractors?

CHAIR: Are we going to the annual report again?

Senator ROBERTS: I don't know. We'll find out.

Mr Binning: A lot of that information will be contained in our annual report. Our chief operating officer will just come up. Perhaps if we move to the next question, then she can follow up.

Senator ROBERTS: What's the total wage bill for all employees, including casuals and contractors?

Mr Binning: Ms Pegorer will be able to help you out with that detail.

Ms Pegorer: Can I just confirm your question was with regard to the number or the breakdown of our staff?

Senator ROBERTS: Permanent, casual and contractors, please.

Ms Pegorer: I don't have that level of detail with me, unfortunately. I do have the number of contracting staff that we've had from January this year until October and the number of FTE, but I don't have the number of casuals or non-ongoing.

Senator ROBERTS: Can we get them on notice, please?

Mr Binning: Yes.

Senator ROBERTS: What's the total wage bill for all of those people: permanents, casuals and contractors?

Mr Binning: Again, we don't carry that data in that form with us, so it's best we take that on notice.

Senator ROBERTS: What's the total budget for the Clean Energy Regulator, including any grants or programs you administer?

Mr Binning: Our departmental funding is around $115 million. Our administered revenue associated with the programs that we run is in the order of $37 million. However, I would just note for the record that where we have

our greatest impact is actually in the issuance of certificates that then carry value in a marketplace, so both with renewable energy and with the Australian Carbon Credit Unit Scheme, we issue certificates that are of material value and which are then financial instruments managed through our registries.

Senator ROBERTS: It's fair to say, isn't it, that this is not a market meeting people's needs; this is a market to meet regulations and global regulations as well—concocted needs, if you like. I'm not diminishing your work.

Mr Binning: No, I probably wouldn't quite characterise it in that way. We administer schemes that are made by government, so if you take, for example, the Australian Carbon Credit Unit Scheme acting in conjunction with the safeguard mechanism, it then forms both the supply and demand side. Safeguard mechanisms are required through the regulations to manage their emissions within their baseline or source unit certificates. Then the ACCU generates a supply of Australian carbon credit units, and they facilitate trade in order to meet their obligations.

Senator ROBERTS: There's no open market as such. There's no clamouring of citizens for carbon dioxide credits. They're a concoction of Malcolm Turnbull and Greg Hunt in 2015, just before Christmas, and bolstered by Chris Bowen in September of 2022 with the extension of the safeguard mechanism.

Senator Ayres: I think you are asking the official for, at best, an opinion.

Senator ROBERTS: What's your opinion?

Senator Ayres: The truth is that these schemes are administered by this agency in the best interests of keeping costs down for Australian electricity consumers and efficiently managing the process of reducing emissions across sectors, and it's judged by successive governments that, to be in the interests of doing that in the most efficient way possible, that kind of capability is retained in the agency who's in front of you today.

Senator ROBERTS: Let me understand that. We've got a scheme that's been concocted that'll add more cost to energy—

Senator Ayres: It wasn't concocted.

Senator ROBERTS: Hang on. It'll add more cost, and now we've got a market in place due to regulations to try to bring it down.

Senator Ayres: No, I don't agree with that.

Senator ROBERTS: Last question, then. No-one can identify a fundamental need of people. There's no market other than the concocted market, the fabricated market.

Mr Binning: The only thing I would note in addition to the requirement for people to comply with the various government regulatory structures is that there has over recent years been a reasonably strong emergence of a voluntary market both for Australian carbon credit units and for renewable energy certificates. On the Australian carbon credit side we see in the order of a million units surrendered per annum, and on the electricity side we see very significant surrenders of certificates in the order of 10 million over and above the 33 million that is the regulated target. A lot of what has driven that are the various objectives, particularly across corporate Australia, for voluntary emissions reduction and meeting their own targets and the desire to source credible renewable energy of high integrity to do that, so the market is both performing its regulatory functions and facilitating voluntary participation.

Senator ROBERTS: I notice peppered through your statement there—and I thank you for the statement—are the words 'regulated', 'comply' and 'carbon credits'—I call them 'carbon dioxide credits'. These are all to make the best of a concocted market that's only there because of regulations. It's only there because nowhere in the world, as I understand it, has carbon dioxide been designated a pollutant. I just make that point. Final question—what is the total salary package of everyone here at the desk, particularly executive level—what band?

Mr Binning: As I think other agencies have done, our executive remuneration is in our annual report.

Senator ROBERTS: Is that the complete cost including on-costs?

Mr Binning: That's the salaries associated with those. If you are seeking other information related to our salaries, we will take it on notice and come back to you.

Senator ROBERTS: I want the total cost that the taxpayer pays for you, for example, not just what you get in the hand but everything as part of the package.

CHAIR: Again, I would suggest that you have a look at the annual report and, if it doesn't give you sufficient detail, that you then place a question on notice for further detail from the officials.

Senator ROBERTS: I have just one final question, building on the last one. Why is there so much reluctance to share the salaries? Surely you would know what you cost.

Mr Binning: We report executive remuneration as part of our annual reporting cycle. That's the data that I bring to these committee meetings. If there is other information that you're seeking and it's information that's generally publicly available, we would be delighted to supply it on notice.

Senator ROBERTS: But you would know your total costs to the taxpayers?

Senator Ayres: Senator Roberts, it's a pretty unfair line of questioning. The official has said—

Senator ROBERTS: What's unfair about it?

Senator Ayres: The official has said the remuneration details. It's pretty unfair to characterise it as the official not answering your question; that's what I mean.

Senator ROBERTS: I didn't characterise it that way. You're fabricating now, Senator Ayres.

Senator Ayres: What he has said is that information is now publicly available in their report, which you could have read on the way here. In addition to that, if there is more information that he can provide, he will provide it on notice.

Senator ROBERTS: Thank you.

Senator Ayres: You can't ask for more than that.

Senator ROBERTS: No, and I made the observation that I'm surprised that people don't know this or can't readily divulge it. That's all. Thank you, Chair.

CHAIR: Thank you, Senator Roberts. Senator Davey.

Senator DAVEY: Thank you. I have just a couple of questions regarding ACCUs and current reviews into certain methods that are currently under review. Can you answer?

Mr Binning: I can answer questions relating to the administration of the crediting scheme. As to the development of the methods, that's now a responsibility that rests with the department.

Ms Munro: If you do have those questions, if you want to submit them on notice—

Senator DAVEY: Okay. In terms of the current accreditations, the methods that were accredited back in 2012, some of those methods have now closed. Does that mean companies that were accredited under those methods that have now closed can no longer acquire or generate ACCUs?

Mr Binning: No, it means that new projects cannot be registered. Those projects that have already been registered will continue to be credited on the basis of the methodology that was established. So if a methodology, for example, has a 25-year crediting period then they will continue to report against that method and be issued credits based on the performance of the projects.

Senator DAVEY: Right. So, for example, with the capturing and combustion of methane in landfill gas from legacy waste, companies that were accredited under that method can still acquire ACCUs, provided they meet all their reporting obligations. So that hasn't reached end of life.

Mr Binning: That's correct.

Senator DAVEY: Okay. That is fine. And as for the methods under the review—because I note that landfill gas generation and landfill gas are both under review as we speak—that is questions to be put on notice to the department. Would a company that was accredited under the 2012 method be able to transition to the new method once it's finalised?

Mr Binning: It will depend a little bit on the detailed arrangements that are set out in the new methodology, but, having said that, it is not uncommon in the general for people to adopt or transition to new methods if and when they are developed. But it really is a little case-by-case, if that makes sense.

Senator DAVEY: Okay. Thank you.

Senator RENNICK: I was actually going to ask you what the purpose of the Clean Energy Regulator is, but you administer schemes. So that's good to know. But I do like Senator Roberts's term 'concocted'; I think that's a very apt term—and in particular the Carbon Credit Scheme, because that's something that I'm very interested in, coming from south-west Queensland, because a lot of properties are being locked up out there because they want to treat the mulga as capturing carbon credits. But here's the thing: the mulga already was sucking up oxygen before this scheme was ever concocted. So how is it that you can create a scheme around trees sucking up CO2 when they were sucking up CO2 in the first place? I mean, paying someone to have a tree that sucks up CO2 doesn't really change anything, does it?

Mr Binning: Senator—

Senator RENNICK: I will ask the second part of the question as well so then you can answer the whole lot in totality. The other thing is locking up this mulga is actually destroying the undergrowth. Right? So you're basically—the more mulga you get above, the leaves drop and the leaves are toxic to the ground, so you lose your ground cover. So you're actually encouraging mulga to grow, which I might add stops growing after 20 years, is basically destroying the ground cover and the environment that goes with it.

Mr Binning: The methodology I think you're referring to is the human induced regeneration method. It's a method that has had a lot of commentary, has been extensively reviewed and been the subject of a lot of questions, including in this committee. Without taking too much time, in order to register a project, a proponent would have had to demonstrate that they were taking management action that was essentially new. Halting land clearing, reduced grazing are examples. And once qualified for the project, they must essentially stratify their landscape into areas of carbon estimation and then very detailed processes for accounting for the actual growth are undertaken. And so the removal of those suppressing activities in the broad will allow for ecological restoration within those areas. The management of that process is ultimately the responsibility of the proponent. Our interest lies in rigorously determining the level of carbon sequestration that is additional and has been achieved.

Senator RENNICK: Okay. Thank you. In terms of that environmental restoration, that's my point—that you're not restoring the environment out there at all, because a lot of that country out in south-west Queensland was originally grasslands and it has now been taken over by mulga, which is a form of a woody weed. I mean, it's a native, but it's fair to say that it was a lot thinner. I've seen the change in the 35 years I've been out there, from paddocks with next to no mulga, to now paddocks with big mulga. And once it gets above a certain height, the sheep can't eat it anyway. So you can talk about reduced grazing, but that reduced grazing, you're just going to end up with mulga forests out there that are going nowhere. And it is not good with the environment. What's happened is these farms are being locked up; farmers are selling out for big money. So they're no longer managing the farms. So you're getting dingos, goats, pigs coming in, wild cats coming in because the land is not being managed. The fences are deteriorating. So, yet again, I have an issue with how this scheme is being administered and why we'd be paying farmers to walk away from managing the land.

Mr Binning: It's hard to comment about specific experiences in specific parts of the Australian landscape, but—

Senator RENNICK: Well, it's not, because if you're doing your job properly you would understand the mulga. And I'm happy to take you out there and show you what it looks like after we have actually done some clearing and the grass comes up through and then what it's like when it's not cleared. Because you can see straight away the soil just seals—the red soil just seals. You get more water run-off. You get more erosion.

Mr Binning: As I was saying, we will see a variety of responses from the ecosystem and from ecology to a change in management, and the responsibility for managing those changes rests with the proponent. I would note that, of course, new market signals could create a range of behaviour amongst project proponents. Our responsibilities are to track the carbon account that result from the change in that, but I would note that we have certainly had feedback from many stakeholders from south-west Queensland, New South Wales, I was recently in Western Australia, where the revenue streams that are being generated through Australian Carbon Credit Units are, in fact, allowing land owners to re-establish on-farm infrastructure, and in those range land systems, particularly boundary fences and the management of watering points. So I have no—

Senator RENNICK: That's right [inaudible] they'll neglect one half the of the paddock or what was formerly their property, and they will go and upgrade the other part of the property. But you're picking sides there, because, overall, you get a deterioration in the environment in the part that's being locked up.

Senator Ayres: I'm just not sure that these are questions for the officials here. I mean, the approach that a property owner takes within the regulations, is a matter for them. They have to make judgements—

Senator RENNICK: That's right. But I'm not speaking about what actions they are taking. I'm speaking about the regulations here. They are not achieving. They're not looking after the environment, Minister.

Senator Ayres: They have to make judgements about whether they participate in the scheme or not and the—

Senator RENNICK: They are going to participate, because it's huge money. It's huge money for some people—not for all of them, for the neighbours that miss out and get the wild pigs and goats and the bushfire risk. But that's all right. There's winners and losers.

CHAIR: I wonder if a useful question might be can you talk us through the integrity measures that you utilise, particularly since the Chubb Review and the work of Cris Brack? That might assist you, Senator Rennick.

Senator RENNICK: Thanks, Chair.

Mr Binning: I will speak specifically to the human induced regeneration method, but the integrity standards are there and they require a change in management. They require appropriate accounting. They require conservativeness, et cetera. And the scheme has been extensively reviewed and it has, as we have reported to the Senate previously, been found sound and the CER's administration robust. What we do is evaluate the performance of projects and whether they are successfully regenerating vegetation, and we have multiple points of assurance over the 25 years that projects are credited and that includes gateway checks and independent audits. In particular, we are just going through the first of a series of five-year gateway checks and are doing an additional round of auditing. And the key control within the human induced regeneration method is to ensure that the area that has been identified for carbon estimation is, in fact, performing. And at the end of the five-year gateway reviews that have been undertaken, we are seeing a redrawing of the boundaries of those carbon estimation areas of about five per cent, which means that 95 per cent of the area is performing. This is a fairly encouraging result. And it really points to two things. One, the projects are performing broadly as we would have expected at this stage in the cycle, and, two, the projects are actively adjusted to account for the performance on the ground. The final comment that I'd make is that we also strengthened our external assurance. Cris Brack, a specialist in this area, has been reviewing those audit reports and reporting that the projects are, in fact, being administered effectively and achieving the carbon sequestration levels. We'd note one of the key findings that Mr Brack has made, along with the CSIRO and others, is that national remote datasets are not effective at determining regrowth at early stages. And so a lot of the controversy around this methodology can really be built up on needing very detailed on-ground verification at the early stages to ensure that regeneration is occurring, and our processes are in place to do that.

CHAIR: It's my understanding that where there is a doubt you send in a drone, and if there is still a doubt, you send in a human. Is that correct?

Mr Binning: We rely on some multiple lines of evidence, and it's, again, up to the project proponents to provide that evidentiary basis to us, and a combination of Lidar, drone based data, in-field verification. As part of our gateway audits, it's, I think, important to note that in-field verification with qualified ecologists are required. So they will literally go in-field and do transects and count individual trees.

CHAIR: Great. There was an ANAO audit, and do you want to talk us through the results of that?

Mr Binning: The two major reviews that have been done in recent times are the Chubb review, of course, which found the overall ACCU system to be largely effective, and the ANAO had a very close look earlier this year at the CER's administration, and it was found to be effective. There were no recommendations that were made for the CER to make any specific improvements to our systems and processes around the administration of the scheme. So that has given us really strong and good assurance that we are very closely watching this space. As I said, our primary function is to ensure that we very carefully assess the performance of each project and that the risks associated with each of those projects is appropriately managed.

CHAIR: Thank you. Senator Sharma.

Senator SHARMA: Thank you, Mr Binning. You mentioned the Chubb review. You might be aware of the article that appeared in the *Sydney Morning Herald* on 23 September where Professor Chubb alleged that approaches by a senior executive, who I won't name, to the CSIRO and the Wentworth Group of Concerned Scientists during his review were 'entirely inappropriate'. I don't believe I've seen a response from you officially to that allegation. Can I please get your response to that.

Mr Binning: Thank you, Senator, for your questions. These issues have previously been considered by this committee on 28 November 2022, I think. In relation to the CSIRO's submissions, I think it's very important to note that we had no access to their submission prior to them making it. I think we have previously reported that CSIRO actually had made prior contact with us on a technical matter related to data, and there was some follow up, and then there was a discussion at senior level around the generalities of the issues at hand. But I think CSIRO have stated that they made their submission entirely independently. As far as we're aware, we had no sight of that submission prior to it being made.

The final point that I would just like to make on this issue is that CSIRO has a strong ongoing and collaborative relationship with Commonwealth entities in particular. We hold data. We're dependent on strong and robust scientific advice, so we have strong ongoing interactions, including with the CSIRO. That's entirely appropriate, and it's part of our ongoing functions.

Senator SHARMA: So do you reject the allegation that it was inappropriate? Or have you investigated this?

Mr Binning: I think Mr Chubb made a couple of comments. The first was that he felt that the review was unaffected. His views are, of course, his own. I'm very comfortable, from the material that we've reviewed, that

the request that was made by CSIRO was, again, of a technical nature and that there was some interaction. Our interest would always rely on the data and the facts that support any analysis. The analysis that the CSIRO or other stakeholders make is entirely a matter for them. I think CSIRO are also on the record as saying that they made their views available fully independently.

Senator SHARMA: But you've investigated the interaction and you're comfortable that no further action is required? That's just what I'm trying to understand here.

Mr Binning: Yes, as reported to this committee, as I said, previously.

Senator SHARMA: This is obviously before my time on the committee, so that's why I'm asking about it. You've investigated it and you're satisfied that no further action is required?

Mr Binning: Yes.

Senator SHARMA: Thank you. That was all, Chair.

CHAIR: Excellent. Thank you very much for coming along. We do appreciate your time. We will now release you. And I advise that we are releasing, from the end of the program, AAD and the Australian Institute of Marine Science.

Australian Energy Regulator

[16:50]

CHAIR: We are running considerably late, so I will just ask senators, given that the AER has spent an awful lot of time in this building in recent times and has been quizzed on a range of issues, to attempt to not reprosecute but to stick to the issues related to estimates. Where possible, if people could think about putting questions on notice, we would be deeply grateful.

I welcome the Australian Energy Regulator. Ms Clare Savage, as chair, you've been in this building more than most of us in the last couple of weeks. Do you have an opening statement?

Ms Savage: No, I don't, Chair. Thank you.

CHAIR: Great. We will go directly to Senator Cadell.

Senator CADELL: Straight to energy hardship—do you track that? Can you provide an update on the latest levels of energy hardship in Australia, year-on-year increases and what sorts of numbers we are seeing.

Ms Savage: Certainly. When we think about customers paying debt, there's the class of customers who have got 90-day debt. Of that, there will be a subset of customers who are on what we call payment plans. And then, excluded from that 90-day debt data, is the number of customers who are in retailer-approved hardship programs. So are you specifically interested—

Senator CADELL: Separately—yes.

Ms Savage: in the hardship program numbers? We've got data which would be to 30 June 2024. That's alright? The proportion of customers who are in a hardship program at 30 June 2024 was 1.9 per cent of customers.

Senator CADELL: Is that in all three or just you the two you're talking about?

Ms Savage: Sorry, what was that?

Senator CADELL: That's across all three, the 90-day payment plans and the—

Ms Savage: No, that's just hardship customers—1.9 per cent.

Senator CADELL: That's just hardship customers. Do we know payment plans or 90-day debts?

Ms Savage: The number of customers which have 90-day debt, which will include payment plan customers, would be 2.9 per cent of customers, but that doesn't include the hardship customers. Then there's a further 1.9 per cent with hardship.

Senator CADELL: How many across all three combined?

Ms Savage: The only reason I'm being a little bit cautious here is just that we're assuming that customers in hardship programs have 90-day debt—

Senator CADELL: Correct.

Ms Savage: which is probably a reasonable assumption. So it would be 1.9 plus the 2.9 per cent—so 4.8 per cent.

Senator CADELL: Okay. How does that compare to 12 months ago or two years ago?

Ms Savage: So 12 months ago the number of customers with 90-day debt was flat. It was 2.9 per cent 12 months ago, at the end of 2023, and it's still 2.9 per cent, so that's stayed constant. The number of hardship customers has grown from 1.4 per cent to 1.9 per cent. And I should say we've been proactively driving retailers to offer more customers hardship programs.

Senator CADELL: And the year before that?

Ms Savage: So 30 June 2022?

Senator CADELL: Yes.

Ms Savage: For 30 June 2022, the number of hardship customers was 1.1 per cent and the number of customers with 90-day debt was 2.5 per cent. But 30 June 2021 was 2.7 per cent, so it sort of bounces around a little bit.

Senator CADELL: Understood. Are there any demographic or geographic factors? Is it more prominent in one state or the other? Do you look at demographics?

Ms Savage: Not so much at demographics. The trends do change by state, and part of that will be to do with —for example, we've seen with the rebates that have been offered in Queensland that there has been less growth in customers with 90-day debt in Queensland compared to other jurisdictions. I have got the state breakdowns here if you want me to go through them.

Senator CADELL: If you could, that would be great.

Ms Savage: They're on quarterly basis, though, so I'll just give you the quarterly—

Senator CADELL: Ending in June?

Ms Savage: Yes. At end of June, for customers with a 90-day debt it was 3.2 per cent in the ACT, 3.2 per cent in New South Wales, 2.1 per cent in Queensland, 3.3 per cent in South Australia and 4.9 per cent in Tasmania.

Senator CADELL: Victoria?

Ms Savage: We don't collect the data for Victoria because there is a separate regulator in Victoria. I know that sounds weird, but—

Senator CADELL: Where do I cheat and go and look at their website? What are they called?

Ms Savage: That is the Essential Services Commission Victoria.

Senator CADELL: Thank you very much. I didn't know that.

Ms Savage: We're the regulator for the distribution networks in Victoria, just not the retail market.

Senator CADELL: You mentioned how you're encouraging retailers and people to take these hardship programs. Has there been a change in circumstances or anything? Are any processes different, or is it still the same?

Ms Savage: Under the National Electricity Rules, there are two things that apply. There's a provision that relates to offering of payment assistance, and then there are a separate set of provisions that relate to hardship indicators. What we've been doing, in part, I guess, through some of the court action we've been taking, is showing the obligation as it applies to retailers to actually proactively identify customers who might be experiencing hardship, rather than waiting for a customer to identify themselves. We've had some successive judgments in that space which have been a helpful reminder to the businesses.

Senator CADELL: So, if I'm falling 90 or 120 days behind, the company should call me and say, 'Can I give you a hand?'

Ms Savage: It doesn't specify in the rules when they have to do it, but that would be an example or could be an example of a business not meeting its obligations.

Senator CADELL: Do we look at disconnections? Is that something you guys monitor at all?

Ms Savage: Yes, we do monitor disconnections. Disconnections are right down. Disconnections, at the end of June, I think, were about 15,000. Now, pre COVID, that number would have been more like 60,000 to 70,000.

Senator CADELL: That's because the process that's been put in place of the hardship programs and all that sort of thing?

Ms Savage: Yes. When COVID commenced, we were actually the first regulator around the world to put out a statement of expectations, and we asked retailers to stop disconnecting people who were confined to their homes. That seemed to put a system break in it, so we saw disconnections rapidly fall after that, and they have never really gone back to the pre-COVID levels. They have climbed at some points to around the 30,000 mark, and they're back down to the 15,000 at the moment, but they've never got back up to the 60,000 or 70,000 mark. Some

of that would be about the hardship programs, because a customer in a hardship program can only be disconnected as a matter of last resort.

Senator CADELL: For real?

Ms Savage: Yes.

Senator CADELL: Do the companies or the retailers come back to you with their bad debts or their losses because of this? Do you look at that?

Ms Savage: We monitor that in a couple of ways. We do have retail reporting that comes to us through our role around the annual performance of the retail market. We also see in the context of setting the default market offer, so we look at bad and doubtful debts in both of those contexts.

Senator CADELL: Are those bad and doubtful debts increasing, or are they maintaining with the lower number of disconnections?

Ms Savage: It doesn't actually track, necessarily, or correlate perfectly because it tends to be a little bit more tied to what's happening with rebates. The rebates have had a fairly significant impact on some of that as well because, for example—

Senator CADELL: So they'll play catch-up football if you're behind and then see how it goes going forward?

Ms Savage: Yes. You can still disconnect people. If you're on a payment plan, you have to basically failed your payment plan twice before you can be disconnected. If you're on a hardship program, it's as a last resort. So there's a process in place for disconnections. But what I would say is that, when you look at what's happened with the numbers around disconnections and bad and doubtful debts, the other factor that's kind of made it a bit different is the rebates, because people's ability to afford things has changed through that.

Senator CADELL: So we hope that the just under five per cent of people in different things drops in the next six or 12 months?

Ms Savage: That 4.8 per cent—I would always love to see that drop, yes.

Senator CADELL: Chair, if you want to rotate, I've got a different topic, and it'll take a while. So I'm happy for you to throw to someone else.

CHAIR: Okay. Senator Van.

Senator VAN: Minister, I just have a quick scene-setting question for you first. We're here at estimates, and estimates is an accountability measure for where large amounts of money are put on the public balance sheet to achieve the public good. So it's to bigger projects, but it's all transferred to via the government's balance sheet to taxpayers. Is that correct?

Senator Ayres: It is.

Senator VAN: If I go directly to energy markets, the energy market bodies other than AER don't report through here to estimates, do they?

Senator Ayres: Allow me to check and come back to you, Senator, about which relevant agencies report through which estimates processes. So, of course, in the world of energy, this committee gets to do estimates in relation to agencies that are connected with DCCEEW and DCCEEW estimates. There are, of course, relevant issues that are dealt with in resources estimates later in the week. It's the case that the AER does come under the estimates processes but, of course, there are relevant bodies here—and I can come back to you later, I suppose—that report to the Energy and Climate Change Ministerial Council, so there is a different accountability because their foundation is different. So, for example, AEMO reports to that council. There may be others, and if we can give you something that sums that up, I would be very happy to.

I mean, AEMO has got—it's partly responsible to governments but there are other in our energy market, other energy participants to whom AEMO is accountable and engages. If I can put it that way.

Senator VAN: Thank you, Minister. Ms Savage, as the Chair of the Australian Energy Regulator, does the AER regulate AEMO?

Ms Savage: So we do have some accountability mechanisms over AEMO, and I might ask my colleague deputy chair Justin Oliver if he wants to expand on that a little bit.

Mr Oliver: Yes, thank you. We do have a number of roles in terms of providing oversight to AEMO and the way it performs its functions. Some of those relate to transparencies, so, for example, in relation to certain functions that AEMO performs in connection with the integrated system plan, we are required to undertake what's called a transparency review where we look at the work that has been published and whether they have fully explained all of the assumptions and we go back with a report which points out areas where greater transparency

could be provided. AEMO is also a body, obviously, which performs functions under the National Electricity Rules, and one of our functions is to monitor compliance with the rules and, in appropriate cases, we can take legal action. It's a little different, of course, to other market participants. It is not a market participant, of course; it is a market operator and a system planner. So it has functions it has to perform, just as we do, just as the AEMC does.

There are no provisions for any penalties, for example, to be imposed against AEMO were it to fail to comply with the rules. We would not be able to issue an infringement notice against AEMO if we felt that it had not complied with the rules. But there is the option, if we thought a law enforcement response was appropriate in a particular case, where we might—we could at least go to court to seek other remedies. It might be in the nature of a injunction or a declaration, whatever would be considered appropriate in the circumstances. But that would really be in a case where the we thought the circumstances cried out for a law enforcement response as opposed to some other mechanism to either achieve transparency or some measure of accountability.

Senator VAN: Thank you, Mr Oliver. I put questions to Climate Change Authority and the Clean Energy Regulator earlier about whether they had any oversight, particularly of AEMO's planning function. And they said they don't. Does anyone have oversight of the planning function in the sense that they are able to test and validify or not the decisions made under that process?

Ms Savage: As it relates to the planning function, the integrated system plan in particular, we have a role in developing of guidelines that they need to adhere to. So the Cost Benefit Analysis Guidelines, the Forecasting Best Practice Guidelines. They set out—and we have driven in those—the rules require us to provide a level of flexibility to AEMO in those guidelines. What we have done in them, though, is to create transparency mechanisms. So ensuring, for example, where AEMO is looking at risk adjustments within the integrated system plan, whilst they may have a preference for using our least-worst regret spaces, we would require them to have a weighted net benefits approach and then to demonstrate the difference between those. That's one of the things that the guidelines would require them to do. We also have a transparency review ourselves and so we have a role in going through and looking at how AEMO has sourced its inputs and assumptions and scenarios, et cetera, and that they're transparent, that they're from credible sources.

We produce a report both that the inputs, assumptions and scenarios report stage and also at the draft report stage, and that really shine as a light on areas where we think there might be further information analysis required. In every one of those reports we have identified areas that needed further work, and AEMO has had to undertake that further work. There is also a consumer challenge panel. I don't think it is called that. I think it is called something else. Consumer reference group or something. But the purpose of that as well is part of what we see our job is to inform and to then, I guess, with that level of transparency for their engagement.

Senator VAN: Thank you. But there is no economic oversight? Like, there is no body, especially one accountable to this parliament and therefore to this room of people, that is allowed to review or test the economic validity of the plan that AEMO puts through?

Ms Savage: I think that's probably a fair characterisation.

Senator VAN: AER used to have—well, let me go back a step. AEMO does the planning. It sets the projects. It sets—it decides a development path for those projects, catered projects, all of which are transmission, am I right? And then it comes forward with a plan, asks network providers to put forward that plan. There is no—that's not done on a tender process or any—there is no contestability or competition in that, is there?

Ms Savage: There is a little bit in Victoria, so to the extent there was an integrated system plan project that was in the Victorian region, then it would be subject to contestability. But in the other regions there isn't contestability on those projects.

Senator VAN: And they evaluate the investment test for transmission?

Ms Savage: AEMO doesn't evaluate. Essentially, AEMO would couple up with the integrated system plan which would have a set of candidate options in it. The transmission network service provider would then come and pick up those—the identified need and the candidate options and would conduct a regulated investment test for transmission process. Through that process, they may identify other candidate options, and through that cost benefit analysis would then select the preferred option. On both the integrated system plan and the RIT-T, there is a dispute framework. So anyone can lodge a dispute about though those things have been done. We would be in charge of hearing those disputes. I'm just looking at Justin.

Mr Oliver: It's slightly different for the ISP. It is a narrower process in relation to AEMO's performance of its undertaking of the integrated system plan. But, yes, at the end of a RIT-T process, any person who has put in a submission is able to submit a dispute to the Australian Energy Regulator, and really we are testing whether the

process has been undertaken in accordance with the rules and we can send it back for further work to be done if that were considered necessary.

Senator VAN: Thank you, Mr Oliver. And just to be clear, once a project is identified by AEMO, it pretty much sails through until it comes to—after the RIT-T, it comes to AER for a cost assessment.

Ms Savage: Contingent project application assessment.

Senator VAN: Which is effectively just assessing whether the costs that they have outlined are the reasonable costs that you would expect to see in a project like that.

Ms Savage: Yes. If a contract has passed a RIT-T, which is a bit more detailed planning than what you would have in the integrated system plan, it would then have to go through the feedback loop, which is really just a check to make sure that it is still meeting the identified need and that the cost hasn't gone out to a point where it would no longer be on the optimal development pathway, and then it can come to us for continent project application assessment, which is, you're right, an efficiency examination. It's not looking at the costs and benefits of the project.

Senator VAN: Yes. So at no point through that planning process and through the assessment of it is there any economic analysis done of whether the plan is right, the project is right, or how it is benchmarked against any alternatives?

Ms Savage: AEMO is responsible for that cost benefit analysis through the—

Senator VAN: But that's cost benefit analysis, which is a lot different to economic analysis.

CHAIR: I will get you to wind up, Senator Van.

Ms Savage: I would probably just need to understand how you make that distinction. I think they are looking at the economic benefits within the electricity system—to all those who consume, produce or transport electricity. So it's a full economic analysis but within the electricity system. So it's not a whole-of-economy analysis.

Senator VAN: No, no. But it effectively only prioritises which transmission project is put ahead of another one. It does no assessment of whether a different mix of generation and storage would be better than that transmission. It doesn't look at different—

Ms Savage: Sorry, my understanding is it does do that. So it's an optimisation. So it is optimising between generation storage and transmission projects.

Senator VAN: I don't believe it does.

CHAIR: We will need to move on, Senator Van.

Senator Ayres: Perhaps we might come back to you with a bit of a schematic, Senator Van, about how the governance of all of this works. There are three relevant bodies here: this one, the AER, that appears before estimates; and the other two, reflecting their ownership structure, that don't. I would not characterise AEMO's ISP as narrowly as a cost-benefit analysis. It's an optimal path analysis, is the way that I would describe it, if pressed, but there might be better language to do that, a much more economic analysis. But they are 60 per cent owned by the governments and—

Senator VAN: I understand all that.

Senator Ayres: —other than that owned by the participants and the—I always forget it—the AMC, I should say, run by the states. They have different accountabilities. I think the CEO of AEMO took some time to set out in quite a nice paragraph, which I won't bore the committee with but will provide on notice to Senator Van, their corporate governance arrangements and how that works in terms of the kinds of issues that you are interested in. But we will try and bundle that up for you and provide that on notice.

Senator VAN: Most kind.

CHAIR: Senator Van, we really do need to give somebody else a go.

Senator VAN: I have just one last question. Ms Savage, do you think AER should have a role regulating the other market bodies? I know that on your website you say you act for consumers. Do you think that consumers would be better served with a regulator that's answerable to the parliament oversighting the decisions made by at least AEMO in its planning function?

Ms Savage: As desirable as it sounds to have one ring that rules them all, I think there is a healthy tension that exists between the market bodies, and I think when I look at the relationship, say, of the Australian Energy Market Commission, they are the rule maker and we are the enforcer. So it would be an uncomfortable relationship if we were to regulate them, I think, because it would give us the power to regulate the rule maker, which may not be the appropriate balance there—sort of like judiciary and police, really, in that sense. And

they're not going to like to be likened to police—but anyway; that's the kind of relationship. And then with the Australian Energy Market Operator, we do have a role in their accountability, as Mr Oliver sort of stepped through before. So I think there is already a relationship there, in that sense. But in terms of something more than that, I think that's a question for government.

Senator VAN: There are enormous costs being passed through to energy user, consumers—

CHAIR: Senator Van, I'm going to pull you up because you have had quite a long stretch. I keep asking you to rotate the call, so I'm going to rotate the call now, and if we need to come back to you, then we can do that.

Senator VAN: Thank you.

CHAIR: Senator Cadell.

Senator CADELL: On a similar note to Senator Van's, getting my head around the relationship between AEMO feedback loops, you guys, costings, projects, RIT-Ts, all this stuff, the timing gets me on specifically the overlap of different things happening at the same time. If I go to HumeLink, and I go back there, my understanding is the purpose of the feedback loop is really to check the costings are real costings. Is that—

Ms Savage: It does two things. It does both. It checks that whatever project they have ended up with still meets the identified need, so it's serving the right purpose—transfer capability et cetera. Then it also does a double-check to make sure that whatever costs they finally come up with—by the time they are ready to submit a contingent project application, because that's when they will have tendered costs et cetera—still fit within the optimal development pathway.

Senator CADELL: What ability to you have to peer down into commercial operators for truth-telling, for want of a better word, to ascertain what they are saying is correct? And I will go to HumeLink specifically on that. I think in about April '23 they asked for a $200 million review of early works. Take that through. You were looking the that. You were going through that process. On my timeline it was looked at in a direction for AEMO to proceed on 23 May. They assessed that the $3.91 billion of the project was equivalent to the $3.28 billion, that it was largely similar, and you signed off on that project. In other words the project hadn't really changed other than inflation in real dollar terms. If we go from April to May, we're now at $3.9 billion. Then at a New South Wales Legislative Council hearing in July 2023 Mr Redman of Transgrid actually said there's a 30 per cent increase on the $3.9 billion; it's more like $5 billion. The sign-off was on the $3.9 billion, and Mr Redman was a month later saying it's more like $5 billion. It's a $1 billion discrepancy within a year's progress. What ability do you have to check that Transgrid are being honest with AEMO in going through this process? When you do your feedback loop, how do we know we're getting the right message?

Ms Savage: By the time a feedback loop is done, when we got, for example, the $4.279 billion—

Senator CADELL: You wrote to them on 22 August.

Ms Savage: Yes, saying make sure you keep a check that you haven't had a material change in circumstances.

Senator CADELL: Yes, because they've just thrown another billion on somewhere in estimates. You know what they say—a billion here, a billion there, soon adds up to real money.

Ms Savage: We were very conscious. When we saw that number had changed, we obviously wrote to Transgrid and said there is an obligation under the rules for a project proponent, if they think there's been a material change in circumstances, to effectively update the RIT-T unless they think that there hasn't been. We wrote to them in August. I think that's the letter you're referring to—

Senator CADELL: Yes, that's what I said.

Ms Savage: where we said, 'Don't forget about that obligation.' When we received the application from them, I think it was on 23 December last year, because I remember thinking it was a bit cheekily close to Christmas, there was a lot of information missing, so we spent a lot of January and February going back and saying, 'Where's this?'—a lot of it was redacted—and trying to get further information from them. We had quite a number of information requests, though, to them through the course of that. Through the process of going through those information requests we discovered a few mistakes, so there was about $100 million that they took off the price tag through that process as well. But by the time we made the decision on it, it went through the feedback loop at its original application price.

Senator CADELL: At $3.3 billion?

Ms Savage: No, at the $4.279 billion. It went through the feedback loop at that price, $100 million came off it through our information requests and then about another $200 million came off it because we knocked them back on something, so the project that we approved was less than what went through the feedback loop.

Senator CADELL: In that same testimony in July Mr Redman said the official cost of the project was $3.3 billion, and then he said 'plus'. What is the process for when, to what Senator Van was saying, you guys don't look at it; it's just the cost of the project being reasonable? Is that still fit for purpose in how it fits into the ISP?

Ms Savage: That is the feedback loop itself, which is AEMO's feedback loop, so AEMO is responsible. Before we can start saying, 'Is $4.3 billion the right number,' it goes back to AEMO and they say, 'The project now costs $4.3 billion, but we used to think it costs $3.2 billion,' or whatever it was, so they put it back through their optimal development pathway analysis and confirm for us that it's still—

Senator CADELL: But that was the next application. It was a $200 million upgrade request originally on $3.3 billion. That was the one I'm going back to, on 6 April 2023.

Ms Savage: In January 2022 there was the first early works amount, then in April 2022 there was the second early works amount.

Senator CADELL: Which is $200 million.

Ms Savage: Both of those went back to the feedback loop on the estimate that was around at the time. By the time they came for the next chunk of money it had gone up, and that's when it went back through the feedback loop at its full cost. It's been through the feedback loop quite a few times.

Senator CADELL: How many times?

Ms Savage: It would've been through the feedback loop both times, for the first stage of early works and the second stage of early works. Then it ended up going through twice on the full amount because we, following feedback from you and stakeholders, put it back through the feedback loop again, so it's been through four times. I will just check with Ms Jolly that that's correct—yes.

Senator CADELL: I'm slightly less confused, and I think there will be some questions on notice.

Ms Savage: I know it's confusing.

Senator CADELL: There were multiple applications on different programs over the same time.

Ms Savage: And the rules have been changed now too so that, if you have an early works application, it will no longer go through to the feedback loop at all.

Senator CADELL: What would happen now?

Ms Savage: Now an early works application doesn't need to have gone through a RIT-T or through the feedback loop. We can assess an early works application just on the basis of the fact that it's within the integrated system plan and it's an actionable project, so it would only go through the feedback loop once it's coming for the full bucket of money. I will just check that's correct—yes. That was a rule change made by the Australian Energy Market Commission recently.

Senator CADELL: Going back over something you've said so I'm having greater clarity, AER has no program in value to consumer or cost for delivery; it just has cost of doing the project, not how it fits into the retail market. AEMO does all that.

Ms Savage: AEMO does the cost-benefit analysis, and the transmission business does the cost-benefit analysis. Both of those pieces of analysis have to be consistent with the guidelines that we write, but they do the analysis themselves. The one thing I would just say is probably slightly different on that is that, when I referred to a material change in circumstances before, when HumeLink made their application for the full amount in December last year, and I said to you we'd reminded them of their obligations around the material change in circumstances, they submitted that material-change-in-circumstances analysis to us in March, I think, and we put that out for consultation. Stakeholders had significant concerns with that material-change-in-circumstances analysis, so we did our own modelling at that point in time to test the robustness of Transgrid's material-change-in-circumstances analysis, because we thought the benefits looked overinflated. We did some further modelling to test that as well, and we put some additional costs or we reduced the costs of some of the alternative options which we thought they'd overinflated et cetera. We did a bit of stress-testing, I would say, on the analysis to confirm that they still had the preferred option.

Senator CADELL: My last question on this is: going through this timeline, when was the first time AER became aware that the cost was no longer $3.3 billion?

Ms Savage: I would have to take that on notice when we might've informally become aware.

Senator CADELL: When and how that happened—was it the great National Party MLC Wes Fang doing his job or was it some other—

Ms Savage: Do we know when and how? We probably need to double-check that, because I'm not quite sure.

Senator CADELL: There'll be some in writing. Thank you very much.

Senator ROBERTS: Thank you for appearing again today. We've discussed at length—I think it was with you, Ms Savage—smart meters. You've regularly touted that they are a good thing, and you've spoken about the Australian Energy Regulator's need to have them rolled out as widely as possible as quickly as possible.

Ms Savage: That's not us. That would be the Australian Energy Market Commission who's talked about that.

Senator ROBERTS: What's actually happening is that smart meters are being used to gouge customers. Many companies are not getting informed consent from consumers before changing customers over to incredibly punitive plans. Then those smart meters are being used to pinpoint the exact time someone is using their maximum amount of power, and the companies are charging the customer as if they're doing that the entire period. What we've heard of is, for example, a family might be away on holiday for a couple of weeks. They come back near the end of the month, and they throw everything in the dryer and the washing machine. Their demand goes way up, and they're charged at that rate for the whole month. That's clearly gouging them. Are there no protections for the consumer who wants to have their smart meter removed, and what are you doing to crack down on those predatory power companies?

Ms Savage: Thank you for the question. I think there's just a distinction I'd like to make between a network tariff and a retail tariff. The electricity rules require network tariffs to become increasingly cost reflective, but a retailer's job is to manage the risk on behalf of customers. As you can imagine, the price of power in the wholesale market fluctuates every day between minus $1,000 and $17,000.

Senator ROBERTS: It does these days, yes.

Ms Savage: It always has, actually. The cap has been different, but it's always been highly volatile in the NEM. A retailer's job is to package up a product for a customer that manages that risk for them. Networks have a set of cost-reflective tariffs that they show to retailers as well because of the way in which the cost of a network is really about the maximum use of the network. If all of us in this room decided to turn everything on at exactly the same time, the network has to be built big enough to accommodate that. I'm sure you can appreciate that.

What the network is doing is giving to the retailer a signal about when they've got more or less capacity available in their network, and then retailers package up that network signal and that wholesale signal and give it to a retailer. The Australian Energy Market Commission has recognised that, with the rollout of smart meters, more and more customers are being put on to tariffs that they may not understand, the sort of tariff you just described, so they've actually got a draft report out at the moment which is suggesting that there should be a longer period of time for customers. Three years I think is what they've proposed, and Mr Duggan might want to talk a little bit more about this, given it's not my agency, but they're giving customers a three-year window where retailers can't put them on to a time-of-use tariff. Even if they get a smart meter, they couldn't go automatically on to one of those time-of-use tariffs. Did you want to add to that?

Mr Duggan: Just two additional things. It must be an opt in. Under what's being proposed by the AEMC, you must opt into a time-of-use tariff, not be forced on a time-of-use tariff. The other element is, if you choose not to opt in, then you continue to face the flat tariff you would've before—building in additional consumer protections.

Ms Savage: For the three years.

Mr Duggan: For the three years.

Senator ROBERTS: What protections are available in the National Electricity Rules for consumers against power companies that are using the smart meters you're encouraging to be installed to gouge people?

Ms Savage: This rule change that Simon has just referred to I've referred to will put that protection in place.

Senator ROBERTS: Is that what's it's designed to do? Is that why you're bringing it in?

Ms Savage: Yes.

Senator ROBERTS: What tangible benefit are consumers supposedly getting out of smart meters?

Ms Savage: It's a really great question. I'm going to give you a bit of a techie answer, but in Victoria, where we've had smart meters for some time, when we look at the rate of asset utilisation and the distribution system and compare to jurisdictions that don't have smart meters, there is actually much higher utilisation. We see utilisation rates in the high 70s, whereas the average utilisation rate across the National Electricity Market is more like 43 per cent. Part of that is because the smart—

Senator ROBERTS: How do you measure utilisation?

Ms Savage: How much network is built to meet peak demand versus how much latent for the rest of the day.

Senator ROBERTS: Is the idea to try and decrease the amount of peak network capacity?

Ms Savage: It's to try to ensure that, basically, we've got loads filling up the holes in the day so we're not building too much network; that's right. What you see in Victoria is the level of utilisation is much greater, so the overall network cost is much smaller. Customers are really benefitting from the reduced need to invest in networks, because of improved utilisation, so that's one benefit. We also—

Senator ROBERTS: Excuse me, Ms Savage. Is that because consumers know when to utilise the network?

Ms Savage: That's part of it, and it can be the visibility the network has over some of these assets as well. I know you and I have talked before about some of the different types of tariffs that exist in Queensland, like controlled load tariffs et cetera, particularly with pool pumps and things like that. Being able to move these types of discretionary loads—not heating, cooling, dishwashers or lights, but some of those moveable loads through the day—can actually avoid investment in the network, which is a great thing for consumers in keeping bills down.

Senator ROBERTS: This is my last question related to smart meters. I raised at a previous session the issue of air conditioners being throttled by power companies. You seemed unaware of that issue when I raised it. Have you had time to review the article I supplied confirming that actually did happen at an alarming frequency? I think it was six times in a matter of months.

Ms Savage: I think that was a question about the PeakSmart device. You gave it to us on notice, and we've responded on notice. Is that correct, Steph? Yes.

CHAIR: Senator Van, I'm going to remind you that you have an inquiry, that a lot of the questions you're asking are going down that same pathway and that you spent a number of hours with Ms Savage over the last couple of weeks, and I ask you to be as swift as you can in finishing up your questions.

Senator VAN: Sadly, we only had an hour with AER. I will try to be brief as well.

Ms Savage: That hour was quick.

Senator VAN: It was a very good hour, and we appreciated the input. At the moment, in the energy system—unlike in any other large-scale cost impost that's put on Australians which is normally done via the tax system, is accounted for in the budget and is brought here to estimates to be judged—there is a monopoly planner that decides a path, and, once that path is established, all those costs, which they estimate to be $143 billion, are then automatically passed on through to energy consumers in their energy bill. Is that a correct way to characterise it?

Ms Savage: Unlike the budget, there are multiple points of consultation with all stakeholders, including consumers, so people do have opportunities to contribute their concerns to that process.

Senator VAN: And I think that's an important point. There is an enormous amount of transparency in the system but very little accountability. As Senator Cadell pointed out before, even when a cost blows out enormously, it's only checked back as to whether or not it fits the plan, not against whether it still has enough of an economic benefit for Australians that they will be charged for it.

Ms Savage: That process of checking back on the plan is, again, an economic assessment within the electricity system, not the whole economy, looking at the costs and benefits that attract.

Senator VAN: But there's no economic analysis of whether a different mix of generation and storage would be better suited to meeting needs as opposed to transmission projects.

Ms Savage: That might be a question that's better put to AEMO, because my understanding is it does; it is optimising across generation, storage and transmission.

Senator VAN: As I've said before, the reason we got up the other inquiry was that they don't appear here and you do, so forgive me for asking the questions. But I will leave it there, Chair. Thank you.

CHAIR: Senator Darmanin.

Senator DARMANIN: Thank you. You told the nuclear select committee the other week:

> Just today, Mr O'Brien, we got 5,640 megawatts of coal plant off on an outage. That's 26 per cent of the total coal fleet. Now 2,480 megawatts of that is off unplanned. That's more than 11 per cent of our coal fleet off today, just unplanned. That's having an impact on forward prices of electricity …

I wonder if you had the numbers as of today and also if you could elaborate on what you meant when you said that this is having an impact on forward prices of electricity.

Ms Savage: I'll pull up the daily monitoring email so I can tell you that. Today there is 5,404 megawatts of coal capacity that's offline. That's in total. And 1,500 megawatts of that is unplanned today. In terms of the comments I made about forward prices, the way in which forward prices are formed is that, effectively, because we have a very volatile spot market—prices can go from minus $1,000 to positive $17,000-odd—retailers and generators tend to enter into contracts with each other to manage that financial volatility and that financial risk.

Those forward contracts are big determinants of what goes into a retail price. Most generators and retailers would have contracts to about 80 per cent of their capacity, and the supply and demand of those forward contracts have a big impact on the price of those forward contracts.

What we've seen and heard from energy market participants is that, as the coal fleet is becoming less reliable, the generators themselves are less willing to supply forward contracts, so that market is becoming tighter from that perspective. We have seen quite a bit of volatility since the market events in 2022. Those 2022 market events were largely driven by global fossil fuel prices imported into our market through coal and gas prices, and we had had a lot of plant unreliability issues through 2022 as well.

Because the market has experienced that level of volatility—some of that volatility is driven by wind and solar and their availability at different times of the day—what we've seen now is that retailers are wanting to be contracted against this future volatility. There's less supply of contracts, and the prices for those contracts have remained higher, even though we've had some very low wholesale spot outcomes. My comments to that inquiry were really saying that the impact that coal is having in the system, and its lack of reliability, are actually fundamentally impacting those forward prices, which impacts retail prices.

Senator DARMANIN: Thank you.

Senator Ayres: I give you an example. There's 1.4 gigawatts of unplanned coal-fired power station outages just today. I don't think there has been a day for many hundreds of days where there hasn't been a similar result. These are the assets that Mr Littleproud tells us we should just sweat—I think that was the phrase—a little bit longer. You would only say that if you hadn't been in any of them. Anyway, that's the coalition's plan—more detail required.

CHAIR: Thank you, Senator Ayres. Thank you, Ms Savage, Mr Oliver and colleagues. We appreciate your time and we will release you.

Australian Energy Infrastructure Commissioner

[17:37]

CHAIR: Mr Sheldon, you are the acting Australian Energy Infrastructure Commissioner, or the interim?

Mr Sheldon: The interim commissioner—that's correct.

CHAIR: Welcome. Do you have an opening statement?

Mr Sheldon: No, I don't.

CHAIR: Okay. We'll go directly to questions. Senator Roberts, did you have questions of this witness?

Senator ROBERTS: I did, but I was expecting a different witness.

CHAIR: Just for a point of clarity, I think everybody was expecting a different witness. I have advised them that the new commissioner is not starting until, I believe, December.

Mr Sheldon: That's right.

CHAIR: I think that has adjusted some of the approach of my colleagues.

Senator DUNIAM: I might ask a couple of questions, Chair, while Senator Roberts comes along. Welcome, and thank you for coming. Of the findings of the Dyer review, can I ask what has been implemented so far?

Mr Sheldon: In relation to the review that was conducted by Mr Andrew Dyer, he was provided that role by the minister, so it was separate, in a way, to the role of the office of the commissioner; it was a separate review. The task for implementation is now with the Commonwealth department as well as the states, and it was considered at the Energy and Climate Change Ministerial Council on 19 July. The approach to implementation has been made public in the communique and so on. What I would say about it from my observation is that there is implementation underway. The responsibility for implementation, I guess, is not with us but with other partners.

In terms of the matters that I'll comment on, we certainly are involved with recommendation 1, which is the developer rating scheme. There's a governance architecture set up to engage and consult with industry but also landholders, to work through the design of that. So that's still underway, and, as I understand it, that's being brought forward later in the year. But, again, my office is not actually delivering that.

Senator DUNIAM: Mr Duggan, I know other officials may have gone, but are you able to assist?

Mr Duggan: I am—very happy to help. There were nine recommendations from the Dyer review. You may know that the Energy and Climate Change Ministerial Council accepted, in principle, all nine of them.

Senator DUNIAM: Yes.

Mr Duggan: Three of them were directed specifically to the Commonwealth. One is enhancing the office of the Australian Energy Infrastructure Commissioner and reviewing the governance model. We have now transitioned the AEIC from what was a contractual role to a non-statutory ministerial appointment. The importance of that is to enhance the independence of the role. One of the reasons for that is we are very conscious that the Commonwealth is actually quite actively engaged in various elements of the clean energy transition, so being able to have the energy commissioner effectively working at arm's length from the government was considered to be important for the credibility of that role in communities.

The second one, which Mr Sheldon has referred to, is the developer rating scheme, and we're approaching that in effectively two steps. One is working through a consultative body which includes members of the clean energy sector. It involves employee representatives and business representatives working with us to design the right set of benchmarks against which to assess or to rate. The second element is thinking through the governance model there, and there are a couple that are under development which relate, firstly, to practice within communities around consultation but, secondly, around the bona fides of the organisation: how well equipped are they to deliver on the projects that they're seeking to progress?

The third element is one that's really directed to the Commonwealth and the states, and it's around strengthening approvals processes. One of the irritants that often come to us is, when projects are stuck in approvals processes, the uncertainty that creates for communities about whether or not a project is going to proceed. In the most recent budget, the Commonwealth put down some investment, $134.2 million, around strengthening approvals processes, specifically around environmental approvals; the prioritisation of renewable energy projects, consistent with a national agreed priority list; and also strengthening the administration of complex applications around Aboriginal and Torres Strait Islander heritage.

But, as Mr Sheldon referred to, the remaining recommendations—some relate specifically to the states; others are shared ones—sit under an action plan that we're working our way through.

Senator DUNIAM: I'll just go to the timeline, predominantly around the rating scheme. You talk about design and the governance model. What sort of a timeframe are we working to here?

Mr Duggan: Mr Sheldon has been assisting us greatly on this. In the first part of 2025 we would look to have the first step of that rating scheme in place. But, John, you might want to add?

Mr Sheldon: Yes, I think you're correct. It will be in early next year that this will be worked through. It's important to get the design right, obviously, including with landholders. Part of what I can bring into that design process is talking to some of the other stakeholders in addition to the ones that Mr Duggan just referenced.

Senator DUNIAM: When you say 'first step', are we talking about the first exposure draft or first—

Mr Duggan: The way we think about this is that, as I said before, you really first of all need to establish what the benchmark is for good performance, against which you then apply a rating. What we want to do, working with industry, is establish that benchmark, communicate it and give project proponents the opportunity to voluntarily disclose whether or not they're meeting those benchmarks. The second step would then be to move into more of a frame where there's an assessment process that takes place where we're rigorously testing whether a proponent has the bona fides to deliver the project and to actually test on the ground whether they're delivering. So the first step is, as I said, benchmarks, voluntary disclosure—

Senator DUNIAM: Amnesty—yes.

Mr Duggan: The second step is enforcement, essentially.

Senator DUNIAM: But the standards will be developed and more or less enforced just in that voluntary capacity and then in a slightly—okay. In terms of the governance model that you mentioned, is it the same sort of timeframe, or will it be slightly longer?

Mr Duggan: The same sort of timeframe.

Senator DUNIAM: Okay. So it'll be early 2025—the first quarter. Is that what we're looking at?

Mr Duggan: Yes, the first or second quarter. It's still to be determined, and we're working it through with industry and community.

Senator DUNIAM: Okay. I have just one last question, and I think that does us for this, in terms of the work on strengthening the approval processes. What is the timeline on that?

Mr Duggan: That's a good one to put to outcome 2, because that fits with our environment colleagues.

Senator DUNIAM: You have just pleased our chair no end as well. I will come back to you on that one. Thank you.

Senator ROBERTS: Thank you for appearing again. Your predecessor said, 'Australia's random renewable energy push needs to be overhauled and a nationwide stocktake is required to determine what should be built and where it should go.' Are you committed to that overall overhaul?

Mr Sheldon: That is an observation or recommendation made by Mr Dyer, and I think that's been built into the review that Mr Duggan has just been talking about. So all those action plans and so on are designed to ensure—

Senator ROBERTS: When's that coming out? I'm sorry, I missed it.

Mr Duggan: The action plan has been agreed by the Energy and Climate Change Ministerial Council, so that's now a public document. So we're in the process now of implementing. The full response to the review was published on 19 July.

Senator ROBERTS: Thank you. So that's been included in their recommendations?

Mr Duggan: Yes, that's right.

Senator ROBERTS: Mr Dyer also said, 'The sort of granular planning required for a once in a generation transformation to secure the nation's energy supply still had not happened.' Is that now in the report as well—granular planning?

Mr Duggan: Yes, this was a recommendation to governments. As you would know, a lot of the detail, the specific planning around land use and specific locations of related transmission, sits with the state governments and involves a very big input from the local governments. So a lot of the argumentation around that recommendation was to point to some of the best practice that already exists and to encourage that to be taken up by the other states and territories.

Senator ROBERTS: There's a lot of pain in the regions now, because they're bearing the brunt of solar and wind disturbances.

Mr Duggan: What the report highlighted was that, certainly where best practice is not happening, there was an opportunity to improve the way projects are being delivered to the betterment of communities. That's absolutely correct.

Senator ROBERTS: It seems like it's hell for leather, just do whatever you want. And there's a lot of cash flying around, which is inducing councils to bypass some of their own ordinances, as we understand it.

Senator Ayres: Senator Roberts, the government inherited the last government's framework and commissioned Mr Dyer to do this report because it's in the interests of rural and regional communities and of an effective rollout of generation and transmission capability that we improve the governance and consultation processes and all of the things that are included in Mr Dyer's report. That's what's motivated the government to commission this report. On those nine recommendations, I think Mr Duggan said three of them are directed towards the Commonwealth, because there are multiple participants in this process, but they have, essentially, all been adopted. It's our job now to operationalise that effectively in a way that addresses, I think, many of the issues that you raise.

Senator ROBERTS: Thank you for that, Minister. Are you aware that a coal-fired power station and a nuclear power station have about 40 hectares of footprint, and that's it, and a very narrow target transmission corridor straight to the main users, which are the cities and the provincial cities? Solar and wind are scattered and away from the main cities and they take up enormous room. Their energy density is very low, which means that you need an enormous amount of land to produce the same power. And even then you can't produce it regularly. So that increases transmission costs, and the amount of land the regions are devoting to solar, wind and transmission, and also now to batteries. It's causing a lot of angst. Are you aware of that?

Senator Ayres: I'm certainly aware, on one hand, that, with the processes for approval and consultation with these projects, we were operating with the last government's processes, and we are working to improve those. I'm also aware that you're trying to make a broader point, I guess, about the merit or otherwise of the approach that is being taken by the government and the states and Commonwealth in terms of building an energy system for the future. I appreciate that you're not one of the coalition MPs here, but I think it's hard to make an argument about community consultation on one hand, and then do a press release that says: 'We're going to turn up with seven nuclear reactors in your neighbourhood, whether you like it or not. We're not going to tell you how much they cost, or how many of them we're going to build—but, Muswellbrook, here you go, whether you like it or not, a nuclear reactor'—

Senator ROBERTS: I agree with you. A coal-fired power station would be fine—

Senator Ayres: That will be very expensive. What we know, and I think the evidence that you've heard today shows—and I understand you don't agree with it; I think you've demonstrated over time that you are impervious to the facts and evidence that are provided by the agencies—

Senator ROBERTS: I do the contrary, Minister. I love evidence.

Senator Ayres: That's your right, I understand that. But the shift to the cheapest form of energy is what the government is interested in here. Claims are made—some of them very wild claims, and some of them somewhere between misinformation and disinformation—about the scale of land that is required for these projects. I understand that people make those claims and some people retweet them and repost them—pretty irresponsible in my view. But we have commissioned the Dyer report for a reason; that is, to improve the processes. The minister believes, and the government believes, that adopting those, together with the appointment of Mr Mahar and other steps that the government is undertaking, will improve the effectiveness of the consultation process as we get on with one of the most important nation building things that government can do, and that is to deliver the lowest cost, most reliable energy system as we upgrade our energy system so that we can have manufacturing jobs and low cost, reliable, renewable energy and storage for households and business into the future. It's a decades-long pathway and we're determined to do it in the most efficient way possible for the Australian people.

Senator ROBERTS: There are two things I would remind you of, Minister. One is that the energy density drives the cost, and physics does not change the very low energy density of solar and wind, whereas coal and especially nuclear are very high energy density. The second thing is that, everywhere around the world, every country that has increased the proportion of solar wind, has increased the cost of electricity for consumers and destroyed their manufacturing base. Have a look at Germany. Something that Mr Dyer was very passionate about was rehabilitation bonds, so that these wind and solar companies have put money away for decommissioning the complexes at the end of life. A surface coalmine has to pay a bond for every hectare uncovered each year, and then, at the end of the life of the mine, if it's rehabilitated properly, to a superior standard than it was originally, they get their money back. There is no bond for solar and wind. What work have you done on putting reforms to government that would ensure there is money put away to clean up the environment, not just leave a toxic wasteland? Specifically, what have you done with the government?

Mr Sheldon: Can I just clarify that question? Is it: what work has the AEIC done to raise that issue with government?

Senator ROBERTS: Yes.

Mr Sheldon: I think Mr Dyer raised that. It was in his annual report in 2022 that he raised this issue about performance bonds in relation to wind farms in particular.

Senator ROBERTS: And what work has been done in following up?

Mr Sheldon: It's certainly one of those issues that does get raised with us. It's not in the top 10 or so issues that are raised with us in the complaints that we receive. We're like a small ombudsman. We receive complaints. It's an issue that does get raised. During the time that I've been in the role, from 2 April this year, it has been raised a few times, but it's certainly not the top issue. In terms of what is happening, I think since 2022, when Mr Dyer raised the issue, what I've observed in the time that I've been in the role is that, in different jurisdictions, there's certainly work done to increase transparency. One of our roles, I guess, in the AEIC is to promote more transparency around these projects.

Senator ROBERTS: What, specifically, have you done?

Mr Sheldon: It's not our role to implement policy. We've identified issues and we certainly monitor them. New South Wales, for example, has recently worked on its renewable energy plan, which includes standard clauses and so on around the landholders in relation to this sort of issue. We're monitoring that, but we don't have responsibility for implementing it, as a complaint handling body. If we identify good examples, we'll identify them as part of our role.

Senator ROBERTS: So what are you doing, specifically, to make sure that the bonds come into place?

Mr Sheldon: We don't have a role to implement putting that in place. It's certainly something we can raise as an issue. We have a range of mechanisms to do that. One of them is the annual report, which, obviously, comes out every year, on a calendar year basis. And part of what's always been appended to that annual report is a series of observations that have really been built on the observations of the commissioner over many years—which is where the observation was made in 2022. That's a place where we can raise that with officials that do have policy responsibility for these sorts of matters. That's generally how we do it. We also have a website where we would

raise things. We have reporting obligations to the minister. So, if we identify an issue, we obviously include that in our observations or reports.

CHAIR: Senator Roberts, can I ask if you have much more to go? We're running terribly behind.

Senator ROBERTS: I just want to make a comment to the minister. Minister, this is a comment, but there's no reflection on the people at the table with you right now, because they're interim—well, you're not in interim, but Mr Dyer was a thorough professional—

Senator Ayres: We're all interim in one sense or another, Senator Roberts.

Senator ROBERTS: Mr Dyer was a thorough professional, who did his job extremely well. We happily endorsed him in Senate estimates. He was effectively an ombudsman, and a very good one.

CHAIR: Thank you very much, Mr Sheldon. We appreciate your time, and we will let you go.

Offshore Infrastructure Regulator

Offshore Infrastructure Registrar

[17:58]

CHAIR: Welcome, Ms McCarrey and Mr Waters. Thank you very much for making yourselves available. I will just make a brief comment. Ms McCarrey, you are separately the CEO of the National Offshore Petroleum Safety and Environmental Management Authority, NOPSEMA, and, Mr Waters, you are separately the administrator of the National Offshore Petroleum Titles Administrator, NOPTA. I just want to remind senators that is not the purpose of their appearance here today. If there are issues related to NOPSEMA or to NOPTA, I will ask that senators take those questions to the Economics Legislation Committee later in the week. Would either of you like to make an opening statement?

Ms McCarrey: No, I'm happy for mine to be tabled.

CHAIR: Fantastic, thank you. Mr Waters?

Mr Waters: No, thank you.

CHAIR: Lovely. We will go directly to questions then.

Senator CADELL: In the spirit of getting this over, and knowing we have a committee on the books that will be looking at offshore wind and its relations, I will save some questions for a more personal time between us. I got the process of where we're up to on feasibility licences and everything this morning from the department across all different areas. This will go into the feedback and the consultation processes as we go forward, around what has happened in the past and how we go forward on new consultations. Just to be right, when we are told there are 60-day reporting periods, that's a minimum requirement for consultation, under the act, is it not?

Mr Gaddes: Are you asking a question of the department or of the regulator?

Senator CADELL: On this area, of the regulator:

Mr Gaddes: I don't think it's 60 days actually. I think the minimum consultation period would be substantially shorter than that. I'd have to take that on notice, but we generally extend it beyond what is required. And, when people ask for extensions, as has occurred in the Illawarra and in Bunbury, the ministry has extended it beyond that as well. So I'll take it on notice.

Senator CADELL: It got extended. I know there was a phase on it. What is the feedback the regulators got from the people of the Illawarra regarding the offshore wind development so far?

Ms McCarrey: I'm probably referring to the Office of Infrastructure Registrar, because it's the registrar that facilitates licences.

Mr Waters: I don't have any specific details of what feedback was received in respect to the application that we've assessed.

Senator CADELL: Right. So in what role would you get involved with the community?

Mr Waters: The infrastructure registrar's role starts with the receipt of the applications, and the assessment of the feasibility application.

Senator CADELL: Right. So how many are in anywhere, if there are any at the moment?

Mr Waters: The feasibility licence has been granted for Gippsland. There has been an interim decision with respect to the Hunter area.

Senator CADELL: And Illawarra?

Mr Waters: In Illawarra, we are currently undertaking the assessment process.

Senator CADELL: And preliminary in the Southern Ocean as well, I've been told?

Mr Waters: For the Southern Ocean, the applications closed on 2 July. One application was received. We have completed our assessment and provided our advice to the minister. On 26 September, the minister announced a preliminary decision, and the final decision will be subject to procedural fairness processes and consultation with First Nations people, in accordance with the Native Title Act.

Senator CADELL: Right. Just on that: that was an interesting thing today, because that was specifically answered. Southern Ocean is just on the First Nations and Native Title Act; that's the only thing we're looking at?

Mr Waters: Yes.

Senator CADELL: Okay. This is a new thing for us—your roles that we won't refer to, that we'll mention in other questions, ask this group, ask that group; this group does that, ocean floor versus all that sort of stuff. We now have this body. What's the interaction of the three groups as you see it, starting from this perspective?

Mr Gaddes: Can I have a go at that one in the first instance?

Senator CADELL: Yes.

Mr Gaddes: It's largely the same as it is for the offshore oil and gas sector. The department, in this instance, looks after policy matters and then the development of the act regulations, and then we go and consult on the declared areas. There were six, which we've walked you through. Five have been declared; Bass Strait is still to be done. At the time that areas are declared, that starts a competitive feasibility licensing process. And then the Offshore Infrastructure Registrar comes in and assesses all those applications, as they would with offshore oil and gas projects, and provides advice to the minister, and the minister licenses them. They then get a feasibility licence with the ability to go and conduct certain activities in those declared areas. And then the regulator is involved in regulating those activities. They submit management plans consistent with those activities. So there is a pipeline of activities. It starts with the department and it flows through the registrar and then the end point is the regulator.

Senator CADELL: So the regulator wouldn't be doing a lot yet because no-one has put in their plans yet; is that correct?

Mr Gaddes: Exactly.

Senator CADELL: When we're talking to the registrar, what requirements, what guidelines, what advice do you give to the proponents with their feasibility applications for information and length of time? Is there an estimated time that you think, before they put the finished report back in their feasibility studies? You don't touch that at all? You just assess who you think's best and then the companies go away and do what they think? What's going out there in the world—I can tell you from Hunter and Illawarra—is that they're worried that these things are going to be turned around in 18 months or two years and that's not long enough. Do you have any role on how quickly they can turn things around, or what the requirements are?

Mr Taylor: You're talking about how quickly the feasibility licence holders would undertake their activities?

Senator CADELL: Correct.

Mr Taylor: As part of their applications, they describe what they see as the time line for their project and they provide us with annual reporting each year on the activities they've undertaken and the activities they plan to undertake during the future year. The feasibility licence runs for seven years. So the aim is for them to explore the feasibility licence over the course of those seven years, and that would involve them—

Senator CADELL: They don't have to take all seven years. They can take up to seven years.

Mr Taylor: They don't have to take those seven years. The idea is for them to do it in the least time possible, which is the process we go through in reviewing their annual reports and engaging with them on their work programs and the work undertaken during that time.

Senator CADELL: So, outside of Gippsland, you wouldn't have an annual report from them yet after a feasibility licence, would you?

Mr Taylor: As yet, no-one has had a licence for 12 months for them to provide an annual report.

Senator CADELL: Are the reports, when they will come in, public?

Mr Taylor: The annual report is not made public. It's, effectively, a review document, a regulation document. It allows us to review whether the licensees continue to meet the criteria to maintain their licence. Should they defer from those requirements, then we provide advice to the minister in relation to their status. So it's like a compliance check activity.

Senator CADELL: I haven't done my homework on this; this is me being bad. Are the guidelines, for what they think they'll take and the things they will undertake to proceed, public?

Mr Taylor: There is a guideline published in relation to the requirements for the feasibility licences.

Senator CADELL: The guidelines for the feasibility licence, but when you said they undertake what they will do and what they expect to do?

Mr Taylor: Yes.

Senator CADELL: Is that public, from their feasibility licence?

Mr Taylor: They don't actually make formal commitments as to the exact activities. What we're looking for them to do is to describe how they will explore the feasibility of the project and move to a point where they may make an investment decision on taking that project forward.

Senator CADELL: But that's not publicly disclosed?

Mr Taylor: No, that's correct.

Senator CADELL: And then their reports, where they're talking about what they've done and what they will do—that's not out there either?

Mr Taylor: That's correct.

Senator CADELL: On progress, what happens when they lodge their thing? Is there another chance for public consultation or public comment?

Mr Taylor: The elements that will be public will relate to the management plan, which is reviewed and approved by the regulator. So those elements will be public documents and there will be consultation processes involved with those processes across the life of the feasibility licence.

Senator CADELL: When people are making their applications for feasibility licences—I know one's been granted in Illawarra, but there are other proponents looking at other sites—are you constantly talking to proponents in industry or is it only that they come to you when they want to desperately have a crack at something that's open? I noticed that there have been a few withdrawals from systems publicly at the moment. I know OceanX said they were pulling out in June, but it only became public recently—these sorts of things.

Mr Waters: Yes, we do. We engage with licence holders, answering their questions when possible. That process happens before applications are lodged and when the regime was first announced—not during the assessment process, but then, after the minister has made an interim decision, again, procedural fairness practices take place. So there's further engagement at that point as well.

Senator CADELL: My concern is that one or two people—and I accept it's not many—are saying they won't take process in this zone anymore, because they missed the first feasibility licence and they weren't interested in different parts. Are we seeing a lowering of competition for feasibility licences going forward in other zones? Competition drives success—when you've got to be better than the next guy. I don't want to get to a point where we've only got one or two proponents having a look at this. Is there still a healthy competition for licences?

Mr Waters: Certainly there were a lot of applications for the first round in Gippsland and, since then, there has been a decline in the number of applications received. Whether or not that is based on companies making commercial decisions about various areas, we don't have visibility over that.

Senator CADELL: But is this still what you would declare healthy competition?

Mr Waters: We're still certainly getting interest and engagement from companies, yes.

Mr Taylor: I think there's been the first round of licensing in offshore wind. People are looking at different areas. Different areas have different characteristics, and therefore we'd expect to have different applicants applying in different areas. It's probably too early for us to tell what's the right amount of competition in individual areas.

Senator CADELL: My anecdotal thing is known versus unknown. The fixed in Gippsland is a fundamentally different thing from the floating.

Mr Waters: Another similarity with the offshore oil and gas industry is that this is viewed by companies, and industry generally, as a global industry. So it's not just local competition; there is competition around the world. So it's very difficult just to segment it.

Senator CADELL: That's fine. What are we doing with the regulator until we start getting these things in?

Ms McCarrey: We are actually undertaking a fair bit of work. First of all, we're developing our capabilities in that space. We've developed a whole range of guidance material for the industry. We'll do a final change on that

once the regulations are in their final form. But, because there are now 12 licences that have been granted for the Gippsland, we're actually running a whole series of workshops and meeting with those licensees, talking to them about our expectations. So we don't need the final set of regulations to be talking about safety, risk management, and what we expect to see as a regulator. So we are actually doing a fair bit of work.

Senator CADELL: Chair, given that I'll probably see them early in December and maybe February, if you don't go too early to the election, I'm happy to leave it there for the moment.

CHAIR: I'm thinking Christmas Eve, Senator Cadell. All done?

Senator CADELL: There's so much more, but I think it's a longer discussion, so yes.

CHAIR: Fantastic.

Mr Gaddes: Chair, if I may, I took on notice the 60-days question. Under the Act, it must be at least 60 days. That's the standard.

Senator CADELL: That's what I thought. That is the minimum.

Mr Gaddes: But the minister has extended on a number of occasions where people have sought an extension.

CHAIR: Thank you so much. We really appreciate your time.

Proceedings suspended from 18:13 to 18:59

Department of Climate Change, Energy, the Environment and Water

CHAIR: Welcome back everybody. I would like to welcome the Hon. Senator Malarndirri McCarthy, Minister for Indigenous Australians, and Minister representing the Minister for Environment and Water. Minister, would you care to make an opening statement?

Senator McCarthy: I would just like to acknowledge that we come together on the lands of the Ngunnawal and Ngambri peoples and pay my respects to elders past, present and emerging.

CHAIR: Thank you. And it's lovely to have you. I also wish to call officers from the department in relation to outcome 2, Conserve, protect and sustainably manage Australia's environment through a nature-positive approach.

Mr Fredericks: Chair, like this morning, if it would assist you and the committee members, we're prepared and willing to run programs 2.1, 2.2 and 2.3 together and deal them at once, if that suits you. We don't have to. It would just enable us to move across the whole outcome.

CHAIR: That would be very helpful. We will add program 2.2, Protect Australia's cultural, historic and First Nations heritage, and 2.3, The circular economy.

Senator HANSON-YOUNG: Senator McCarthy, it's great to have you on the other side of the table here. If you end up being the regular minister representing for this session, you'll get used to themes and topics pretty quickly, because they don't seem to change!

Senator McCarthy: Thanks for the heads-up!

Senator HANSON-YOUNG: I first want to go to the topic of the Vitrinite coalmine. I had ordered some documents to be produced in relation to this mine and the alleged illegal bulldozing and mining at the proposed Vulcan South coalmine. I requested that documentation detailing all communications between the minister and the department with Vitrinite since August. The answers to that documentation request were due on 9 October and it's now 4 November. Why hasn't this been complied with?

Mr McNee: In relation to your request around the order to produce documents, the department has prepared a response, and that's currently being considered by the minister's office.

Senator HANSON-YOUNG: Sorry, I couldn't hear you properly. Can you say that again?

Mr McNee: The department has prepared a response to the order and has provided that to the minister's office and they're considering that.

Senator HANSON-YOUNG: When did you provide that to the minister?

Mr McNee: I think I might have to check with my colleague.

Mr Grosse: I think the due date was actually 17 October. I think you made the order on 10 October. So we supplied that to the minister's office on 21 October.

Senator HANSON-YOUNG: So you provided it on 21 October. It's now 4 November, and we still haven't got it. Minister McCarthy, could I ask you to take on notice why we haven't got a response to that from the minister, please?

Senator McCarthy: Yes, I can take that on notice.

Senator HANSON-YOUNG: Thank you. Have there been any other complaints or concerns raised with the department about this particular activity by Vitrinite since the alleged illegal bulldozing was made public? Aside from my request for an order of production documents, have you received any other requests for information or concerns being raised?

Mr Grosse: I might have to take that on notice. I believe we have received an allegation from somebody else in relation to that site. I just can't remember off the top of my head who it was.

Senator HANSON-YOUNG: I understand that the illegal bulldozing, and potentially even mining, which includes the destruction of this koala habitat, is still going ahead. Is that your understanding?

Mr Grosse: I'll just be clear, because there is one action here that has been approved. There are two actual referrals as it relates to Vulcan or Vitrinite. It's actually Queensland Coking Coal who are the approval holders.

Senator HANSON-YOUNG: Yes. So, in relation to the allegations of the illegal bulldozing and mining, is that still happening?

Mr Grosse: There's been no additional clearing since August. There is activity on the site. It's subject to a criminal investigation, so I can't really go into too much more detail.

Senator HANSON-YOUNG: So activity on site. Is that mining activity?

Mr Grosse: It's actually a test sample pit.

Senator HANSON-YOUNG: Yes, that's the argument of the company, that it's a test site, but it's being done right in the area by which the application for a permanent site is, isn't it?

Mr Grosse: What I will say is that, when we look at those sorts of matters—74AA is the provision under the legislation—we have to go into certain elements of that, such as whether there is a state approval in existence, whether it is part of the action that has been referred, how we collect the evidence for it, and so on.

Senator HANSON-YOUNG: But there's a criminal investigation underway in relation to this activity on foot; is that correct?

Mr Grosse: That's correct.

Senator HANSON-YOUNG: So they've done something wrong.

Mr Grosse: Well, a criminal investigation doesn't start from the premise that they've actually breached the law. That's what we're trying to find out.

Senator HANSON-YOUNG: Okay. What do you understand is the criminal activity that is being investigated?

Mr Grosse: There could be multiple elements. One is 74AA, which is taking an action before a decision is made. It could be against section 18 of the legislation. That is significant impacts to a threatened species or ecological community.

Senator HANSON-YOUNG: Like a koala, like the koalas.

Mr Grosse: Any endangered species.

Senator HANSON-YOUNG: What is the status of the two applications that are currently on the table?

Mr Grosse: I'll just have to hand that one to my assessments colleagues.

Senator HANSON-YOUNG: Thank you.

Mr Edwards: They are in the assessment phase at the moment, I believe. I could see if colleagues could give more granular detail, but I think one is approaching the approval period, but they're in the middle of an assessment, essentially.

Senator HANSON-YOUNG: So there hasn't been any halt to that process, despite the fact that there is alleged illegal activity and there's a current criminal investigation on foot. It's just going through the normal process, is it?

Mr Edwards: Well, they're alleged activities, so we are compelled to continue the assessment process, yes.

Senator HANSON-YOUNG: Just so that we understand this: a mining company applies to have a mine. They put forward the application. They don't wait for approval. The allegation is that they've got in there, and they've destroyed koala habitat. There's a criminal investigation on foot and the department just has to keep on going on, deciding whether to give them approval. I mean, surely this type of behaviour should be a mark against them.

Mr Edwards: I think it—

Senator HANSON-YOUNG: Or at least wait until the criminal investigation is finished.

Mr Edwards: I think natural justice actually dictates that we don't jump to a conclusion that there's been illegal activity. So we are required to continue. We will, at the appropriate time, consider environmental history and we'll draw on full information at that time around the proponent's environmental history before we finalise a decision.

Senator HANSON-YOUNG: So can the approval be given before the criminal investigation is complete?

Mr Edwards: Yes, it can.

Senator HANSON-YOUNG: That's outrageous.

Mr Fredericks: Can I speak here. I think we need to be fair about this. My officers are applying the law.

Senator HANSON-YOUNG: How about being fair to the koalas?

CHAIR: You should let him finish the answer.

Mr Fredericks: My officers are applying the law, as you would expect them to and as the Australian community would expect them to. So I think it's unfair to characterise their behaviour as outrageous when what it actually is is law complying.

Senator HANSON-YOUNG: Well, it may be law complying or it may not. There's a criminal investigation because they've cleared koala habitat without being given approval.

Mr Fredericks: I'm talking about the conduct of my officers.

Senator HANSON-YOUNG: I'm not talking about that. I'm saying that the process is outrageous.

Mr Fredericks: My answer to that is that you're entitled to that opinion, but, for my officers, they need to apply the law.

Senator HANSON-YOUNG: Sure. Has the minister asked for the company to stop the activity that is currently on foot?

Mr Edwards: Again, there's an active investigation underway. Mr Grosse has talked about that, and I don't think we can talk in any more detail around that active investigation.

Senator HANSON-YOUNG: Who's running the investigation?

Mr Grosse: That'd be my branch.

Senator HANSON-YOUNG: And how long have you been running this for?

Mr Grosse: I don't have the exact date but, obviously, we received the allegations in August.

Senator HANSON-YOUNG: And did you receive those allegations separately to them being made public or were you made aware when the issue became public?

Mr Grosse: No, I'm aware we received them internally, through the assessment process.

Senator HANSON-YOUNG: Okay, so there's been a red flag, internally, as the assessment for the application has been—

Mr Grosse: As I said before, there is an action and we've taken compliance action around that already, and there are two referrals. So, as part of that holistic process in the various referrals, they identified clearing and that was referred to my branch, which is the crime branch.

Senator HANSON-YOUNG: Is there anything that can be done while this criminal investigation is underway to stop this company from bulldozing koala habitat today?

Mr Grosse: I'll just go back to what I said. I'm not going to enter into hypotheticals. There's a criminal investigation underway. We have to go and gather the evidence, and we'll do it diligently and in accordance with our legislative framework.

Senator HANSON-YOUNG: So there's no way the minister can ask for a stop action?

Mr Grosse: The available things for that under the legislation are injunctions.

Senator HANSON-YOUNG: Has the minister applied for an injunction?

Mr Grosse: Not to my knowledge.

Senator HANSON-YOUNG: Has anybody else in the department?

Mr Grosse: And we have not applied for an injunction.

Senator HANSON-YOUNG: As the criminal branch, you haven't applied for an injunction?

Mr Grosse: No, because, again, you have to gather the relevant evidence that there has been a breach of legislation, and that's what we're in the process of doing.

Senator HANSON-YOUNG: Anyone trying to follow this would be saying, 'Well, what is the point of investigating a potential crime if the crime is allowed to continue while you're investigating it?'

Ms Parry: As Mr Grosse has indicated, we don't know whether a crime has been committed, and that's the point of the investigation. So there is a course of justice here that would need to be carried out.

Senator HANSON-YOUNG: You would know if bulldozers are bulldozing. This isn't hidden things in someone's spreadsheet. This is actually happening on the land, physically—to bushland, to koalas.

CHAIR: I'll get you to wrap up, Senator Hanson-Young, and we'll rotate the call.

Senator HANSON-YOUNG: Has the minister applied for an injunction?

Ms Parry: Not to our knowledge.

Senator HANSON-YOUNG: Has the minister sought any advice as to whether she should or could or how the minister could apply for an injunction?

Mr Fredericks: We'll just have to agree to disagree. That's not a relevant question because, as the evidence is, the conduct of the inquiry is ongoing and we need to make sure that, according to law, we establish the evidence which would allow us to make such an advice to the minister.

Senator HANSON-YOUNG: Okay. If it is found that this is illegal activity, will you give this company any further approval?

Mr Edwards: It's entirely hypothetical, so, again, we'd have to see—

Senator HANSON-YOUNG: Let me ask it this way: if you're found to be illegally destroying the land, if you're found to have conducted illegal activity, does that strike you out from being given environmental approval?

Mr Edwards: Again, we'd consider that on a case-by-case basis, but automatically it does not. Compliance is about people becoming into compliance, so people adhering to the law, and it would depend on, I suppose, the magnitude or the scale of the incident.

Senator HANSON-YOUNG: It should be a one-strike-and-you're-out rule. This is how these companies get around it. If we don't start standing up to them, if you don't have a one-strike-and-you're-out rule, they'll just keep doing it over and over and over again. I'll be coming back to this. They are taking you for a ride. That's what's going on.

Mr Fredericks: Can I answer your question. The law does currently not have that proposal that you are putting.

Senator HANSON-YOUNG: No, but there should be.

Mr Fredericks: That's fine. You're entitled to that opinion. My officers aren't. They're required to apply the law, and that's what they're doing.

Senator HANSON-YOUNG: Well, the minister should be acting.

Ms Parry: I would note that will be a future provision in the proposed EPA bills, our stop-work provisions.

CHAIR: I was actually just about to ask you about that.

Senator HANSON-YOUNG: One-strike-and-you're-out?

CHAIR: Thank you, Senator Hanson-Young. We are rotating the call.

Ms Parry: Well, there are stop-work orders in the EPA bills that are currently drafted in the proposed legislation.

CHAIR: So they're in the draft legislation. So Senator Hanson-Young is well positioned to vote for that legislation, to enact those stop-work orders.

Senator HANSON-YOUNG: What's the point if they've already been allowed to destroy the habitat? You've got to be able to act. Anyway, we can have that debate.

CHAIR: And the provision in the bill would enable us to do that, which would be great. So we look forward to your vote on the floor, Senator Hanson-Young. With that, we'll go to Senator Davey.

Senator DAVEY: Thank you very much. I have some questions about the application for listing as a threatened ecological community for both the Macquarie Marshes and the whole River Murray system, downstream of the confluence with the Darling River, all the way to the sea, and associated aquatic and floodplain systems.

Senator CADELL: From the plains to the sea!

Senator DAVEY: Yes, the whole lot. My understanding is that both applications were nominated for listing in 2023 for the assessment period starting in October 2023. Can you tell us who made the nomination?

Dr Kiessling: Yes. I'm the branch head for the Protected Species and Ecological Communities branch. The people who nominated those two ecological communities are Humane Society International and the University of New South Wales. I will point out that we would not usually share public nominations in this way, but these two nominators have identified themselves, and so I'm at liberty to share that information with you.

Senator DAVEY: So it's the same nominators who nominated back in 2013; is that correct?

Dr Kiessling: I believe so, yes.

Senator DAVEY: Right. Has anything changed since 2013, when these communities were nominated? My understanding is that, at first, it looked positive, but then the listings were overturned. Has anything changed?

Dr Kiessling: The boundaries of the ecological communities and the descriptions of the ecological communities are essentially the same. Certainly a lot has changed since then in terms of management of the ecosystems, and the water arrangements that are in place. There's a substantial amount of work that's gone on since 2013, but the outlines, the areas that are covered by the ecological communities, are essentially the same.

Senator DAVEY: A lot of observers would highlight that a lot of the changes in management of the two areas have been for the benefit of the environment and the ecological communities.

Dr Kiessling: From a water perspective, yes. A lot of work has been done in relation to water. I point out, though, that water is just one component of those ecosystems. There's a whole range of other elements to the ecosystems, including pressures on them.

Senator DAVEY: Including pressures on them. I know grazing is one of the issues that are identified in the advice, and trampling pressures from both cattle and, I also note, brown hares and rabbits are trampling the ecosystem.

Dr Kiessling: Invasive species and weeds, so feral animals and weeds are amongst the major threats to those ecosystems, yes.

Senator DAVEY: From your awareness, are these new applications based on those riparian issues rather than water management issues? Do they identify specifically those issues? Is there any acknowledgement in the new applications of the changes to water management?

Dr Kiessling: The nominations are based on concerns about extinction risk. So the information that we gather to determine whether or not those ecological communities are eligible for listing as threatened goes to information around various criteria that demonstrate extinction risk or not. Management practices certainly make a difference in terms of protection of systems but, really, what we're investigating is the scientific information that helps us determine whether or not those ecosystems are at extinction risk.

Senator DAVEY: I think this is where concerns have been raised with me, because they are blanket applications for the whole of the Macquarie Marshes and for the whole of the Lower Murray, including the river, the aquatic ecology and environment, plus the riparian ecology and environment. There are a lot of people scratching their heads going: 'How can you have a blanket threatened species? What exactly is under threat?' Is it a specific type of fish? Is it a specific type of flora or fauna? When it's a blanket, there are a lot of people saying it's so broad, and what impact will that have on someone's ability to farm, to graze cattle in these environments, the riparian management and cropping? Indeed, in South Australian communities like Renmark and Berri, where they've got pump stations in the river, if they wanted to upgrade their pump stations, there are a lot of people saying, 'What does this mean for me?'

Dr Kiessling: The ecosystems are not about any one specific species. They're not about one animal or one plant. They're about the assemblage of various plants and animals that make up that ecosystem as a unique system. So the ecological communities are large because they are this particular type of aggregation or combination of plants and animals that makes them unique. I also want to point out that there are a number of existing threatened species and ecological communities that occur across the Murray-Darling Basin. There are many of them. So these two ecological communities are just two of, potentially, a large number of others that already exist in the basin.

Senator DAVEY: There are already existing areas which are protected under other mechanisms, such as the Ramsar Convention and migratory bird treaties that we've signed on to. I'm getting a lot of concern that this is another blanket over the ability for people and communities to operate in the way they're used to. And there's

concern that this will add another layer of bureaucracy onto their operations anytime someone wants to change how they currently operate or manage their land, their community's infrastructure.

Mr Knudson: Can I just clarify: you're getting the point of someone who is a farmer in the area already running grazing and they decide to either intensify the grazing or change out the water pump. That's effectively a continuing use. That's exempted under the act as it is currently. So there would be no impact. What this is about is, if someone was proposing a very large new proposal in the basin that didn't currently exist, then yes, they would need to consider this in that scope. There are a number of ecological communities around the country that are currently protected. That doesn't mean that you can't have zero impact. It just needs to be assessed and figure out how does that get managed in the most effective way. So I just wanted to clarify, because the intention is not to make people anxious unnecessarily in any way, shape or form, and you're clearly reflecting that's what's happening. That's why I wanted to walk through that.

Senator DAVEY: Absolutely; that's what's happening. So this was nominated again in 2023 and was deemed a priority for assessment by the minister in the period starting October 2023. A six-week consultation period closed on 15 October. So that's almost 12 months before the consultation period opened. Is there a reason for that length of delay? Is that a normal delay from nomination to opening of consultation?

Dr Kiessling: Yes. It is normal to have a period of time from when the species or ecological community is included in the finalised priority assessment list for the assessments to be undertaken. A range of information needs to be collected. As I mentioned before, it's about a scientific analysis of eligibility against several criteria. We need to do a lot of work to pull together expert information, to consult, to determine whether or not there is a likelihood that the ecological community, in this case, could be eligible for listing. We prepare a draft, and that draft then goes out for public consultation. So the period from October 2023 till the commencement of public consultations on 2 September of 2024 was the time taken to put together comprehensive, detailed drafts for public comment.

Senator DAVEY: In New South Wales, statutory local government elections were held on 15 September. That means that most local government areas were in caretaker mode when consultations opened on 2 September. They only closed on 15 October. Many of those local government areas had only just had their local government results finalised. Bogan shire, Brewarrina shire, Coonamble shire, Walgett shire and Warren shire are just some examples. What allowances have been made for these councils, which may have wanted to participate in the consultation process but due to their constraints because they were either in caretaker period or they were still having their results finalised, were not even made aware of these applications?

Dr Kiessling: I can let you know that 24 local councils were contacted prior to the public consultation process to ensure that they were aware of the assessment that was being done and to invite their contribution to that. That included a number of the councils that you've already identified there, Warren Shire Council, Walgett Shire Council and so on. I can also let you know that at least two of those local councils provided submissions during the public consultation process.

Senator DAVEY: Two out of 22?

Dr Kiessling: At least two. There may be others, but at least two provided public comment during the public consultation process, but that doesn't rule out the fact that a number of the other councils may have provided information prior to public consultation as well.

CHAIR: Thank you. Senator McKim. That may seem strange because no-one can see him, but he's on the phone.

Senator McKIM: Thanks very much, Chair. I've got some questions around the proposal for a development on Lake Malbena on Halls Island inside the Tasmanian Wilderness—

CHAIR: Senator McKim, we're struggling to hear you. Senator McKim.

Senator McKIM: I'm going to start by asking when and how the department became aware of an order made by the Federal Court to wind up the proponent of that development, Wild Drake Pty Ltd, and appoint a liquidator.

CHAIR: Senator McKim, I will let you know we were trying to sort of stop you there, because no-one can hear you very well in here, and I'm not sure we've quite grasped the full-tote odds of the question.

Senator McKIM: My apologies. Can you hear me now?

CHAIR: Maybe speak as clearly as you can, and we'll turn you up a little bit. Okay, would you like to go again with the essence of your question?

Senator McKIM: Thank you. I'll ask the question again. These are questions relating to the proposal for a development on Halls Island in Lake Malbena inside the Tasmanian Wilderness World Heritage Area. My first

question is: when and how did the department become aware that the Federal Court had made, on 13 September this year, an order winding up the proponent of that development, Wild Drake Pty Ltd, and appointing a liquidator to Wild Drake?

Mr Edwards: I'm not sure we've got the exact time or date when we found that advice out. But we are aware that that company was being wound up. I can advise you that we've had some correspondence with the person who runs that company, and we are in the process—and Ms Short might have more up-to-date information—of changing the assigned proponent to reflect the renewed ownership or structure there. That's a fairly routine thing. We may have companies change hand to a different type of entity as a proponent from time to time, and in that case we'll support that person to exercise their right to vary who's the proponent for that project.

Senator McKIM: I've got some questions around that as well, but, before I go there, could you please take on notice when and how the department became aware of that Federal Court order?

Mr Edwards: Yes, absolutely.

Senator McKIM: My understanding is that the designation of Wild Drake Pty Ltd as the proponent of that proposed action has been revoked and that Mr Hackett, who I note was the sole director of Wild Drake, has now been designated as the proponent of the proposed action. Is that correct?

Mr Edwards: That's correct.

Senator McKIM: Did that happen on 27 September?

Mr Edwards: I'll ask Ms Short to give some detail on that.

Ms Short: Yes, that's correct. The change of designated proponent occurred on 27 September. A decision notice was then published on the department's website on 4 October.

Senator McKIM: I'll come to that in a minute. On what grounds did the department deem it appropriate to revoke the designation of Wild Drake and designate instead an individual, Mr Daniel Hackett, who is the sole director of Wild Drake, as the new proponent?

Ms Short: The EPBC Act sets out the requirements. They're largely administrative, and it allows for the designated proponent to be changed.

Senator McKIM: Yes, I'm aware of that, and I'll come to that now. But can I just be clear, is it the department's view that given all of the requirements of the act, it was appropriate to revoke the designation of Wild Drake and designate Mr Hackett?

Mr Edwards: That's correct. Those requirements were met. The appropriate request was made, and we implemented that request.

Senator McKIM: Well, the act requires that there be two people who notify the minister in writing. That is the person who no longer proposes to take the action and the person who does propose to take the action. Is that right?

Ms Short: That's correct.

Senator McKIM: And did that happen?

Ms Short: Yes.

Senator McKIM: So both Wild Drake and Mr Hackett contacted the minister separately; is that correct?

Ms Short: It was in the one application.

Senator McKIM: It was in the one application, okay. Could you provide that application to the committee, please?

Ms Short: We'll have to take that on notice.

Senator McKIM: On 16 October, the department responded to an inquiry from Fishers and Walkers Tasmania that the department did not consider that the information provided by the proponent of the Halls Island proposal was sufficient to meet the requirements of the request for further information. What were the reasons that the department considered that the information provided by the proponent did not meet the requirements of the request for further information?

Ms Short: The department received a draft of a request for information, and it didn't contain the entire information that we needed to continue our assessment, so we provided that feedback to Mr Hackett.

Senator McKIM: Could you please provide a copy of the feedback that you provided to Mr Hackett to the committee?

Mr Edwards: We'll take that on notice. I just note that that's a live assessment, so we'll need to review that material and make an assessment whether that's deliberative at this time. But I'll absolutely take it on notice and provide what we can.

Senator McKIM: What was the date on which the department informed the proponent that the information was insufficient?

Mr Edwards: I'm just seeing if we have an answer to that.

Ms Short: We'll have to take that on notice.

Senator McKIM: Alright. Thank you. I'll go back to the notice that was published on 4 October that one of the officers just gave evidence in regard to. To be clear, did that notice meet the requirements for the notice in 156F(3) of the EPBC Act? That is, did it include the information, if any, prescribed by the regulations?

Mr Edwards: We'll have to refresh ourselves with that notice, but I can assure you that we issue notices only in accordance with the requirements of the act. So certainly we'd support that it did do that, but we can have a closer examination of that notice and provide any additional comments, if that's useful to you, on notice.

Senator McKIM: Yes, please. Could I also ask, in regard to the communication from the first person and the second person—which were, slightly extraordinarily, contained in the same communication—on what date was that communication received by the department?

Ms Short: It was received on 12 September 2024.

Senator McKIM: Who was it signed by?

Ms Short: I don't have a copy of it in front of me. We'll take that on notice.

Senator McKIM: Yes, can you take it on notice, please. The reason I'm asking, and perhaps you could shed some light on this, is that I'm curious as to whether it was signed by Mr Hackett as the sole director of Wild Drake or by Mr Hackett as an individual person. Could you take that on notice?

Ms Short: Yes.

Senator McKIM: And you've taken on notice whether you'll provide a copy of that to the committee?

Mr Edwards: That's right.

Senator McKIM: When you responded to my question on the reasons the department considered that the information provided by the proponent did not meet the requirements of the request for further information, firstly, again, were those reasons provided by Mr Hackett as an individual, or by him as a director of Wild Drake?

Ms Short: We'll have to take that on notice.

Senator McKIM: This is my final question. To be clear, the department asked for further information around a range of issues, presumably, and Mr Hackett, either as an individual or as the sole director of Wild Drake, failed to meet the requirements of that request. Are you able to also take on notice not just why his response was not sufficient to meet the request but also what the request actually entailed? That is, what were the matters the department asked Mr Hackett to provide in its request for further information?

Ms Short: Yes, we can take that on notice.

Senator McKIM: To be clear, you've taken on notice whether or not you are able to provide the notification under 156F(1) that that resulted in a change of designation of the proponent?

Mr Edwards: Yes, thank you.

CHAIR: We'll go to Senator Duniam.

Senator DUNIAM: I want to go to the Blayney goldmine, the McPhillamys Gold Project. My first question is: has the minister been to the site of the proposed McPhillamys tailings dam and goldmine?

Ms Parry: I don't know. That would be a question for the minister.

Senator DUNIAM: Minister, do you know if the minister's been to—

Senator McCarthy: We'll take that question on notice.

Senator DUNIAM: If you could, and I'd be pleased to know, as part of that, the date on which the minister went, with whom she met on the visit and for how long, and the duration of the visit. And, related to that, have officers of the department been to the site of the McPhillamys tailings dam and goldmine?

Ms Parry: As part of the process under ATSIHPA, the Aboriginal and Torres Strait Islander Heritage Protection Act, we do appoint a section 10 reporter, who would be on the ground taking evidence. Because of the duration of this matter, some of that, both the section 9 and section 10 was done during COVID—

Senator DUNIAM: A bit of remote—

Ms Parry: so there were COVID implications there. I might turn to my officers to see if there's any more detail on staff.

Ms Dumazel: The process was through the section 10 reporter. As part of the Aboriginal and Torres Strait Islander Heritage Protection Act, we get the report and then we go through procedural fairness rounds.

Senator DUNIAM: So there are two parts to this. There was the EPBC assessment, which the mine got through, including the tailings dam. Did any departmental officers visit the site as part of that process—before we come to ATSIHPA?

Ms Parry: That's a different piece of legislation—

Senator DUNIAM: Yes.

Ms Parry: and a different assessment process.

Senator DUNIAM: Yes.

Ms Parry: Mr Edwards can answer that question.

Mr Edwards: And I'll disappoint you, because I have to take that on notice. I'm actually not sure. That was some time ago now, a couple of years ago. We'll take it on notice.

Senator DUNIAM: If you could—obviously, the sooner the better; this has been bubbling away for a while. And I'd like the same details for those questions on notice: dates, times, duration and who was met with. Going back to the ATSIHPA component: was the section 10 special reporter the only representative of the department—as part of that process, under that act—who went to the site? Is that what you're telling me?

Ms Dumazel: We follow processes that require we appoint a section 10 reporter. So that was the main way that we gathered information through that process. Then the department undertakes procedural fairness rounds. So that's a desktop process.

Senator DUNIAM: Okay. The act doesn't prohibit anyone else beyond the section 10 reporter from going to the site, does it?

Ms Dumazel: It can happen.

Senator DUNIAM: Sure, but it didn't?

Ms Dumazel: No.

Senator DUNIAM: That's fine. That's all I needed to know. With the section 10 declaration—and given some of the public reporting that has occurred—what is the status of that? So the declaration has been made by the minister, the instrument's signed and is as it is before parliament. There is no change to that given any of the public debate. Has there been an appeal lodged or anything like that in relation to the declaration?

Ms Parry: No.

Senator DUNIAM: No, okay. With regard to some of the public commentary from groups like the Orange Local Aboriginal Land Council, and some of their assertions around some of the evidence that's been put forward as part of the statements of reasons that were tabled or provided, has there been any reassessment of the work that was undertaken in the lead-up to the declaration?

Ms Dumazel: I might start with the process that we undertake, and then hand to my colleague, Ms Najjar, to run through that further. As part of the process, we have the procedural fairness rounds. At each point OLAC was invited to participate. If can I take you to the reasons document—actually, I'll take you to explanatory note first.

Senator DUNIAM: Is that the one headed with: 'Hon. Tanya Plibersek MP, Statement about the Making of the Declaration'?

Ms Dumazel: If I take you to page 7 of the explanatory note, at the bottom it runs through all the procedural fairness rounds that we went through. It also details who was included, and that runs through to page 8. I'm happy to read it out, if it helps.

Senator DUNIAM: I'm just wondering if I'm looking at the same document here. I think this is the one.

Ms Parry: To help you, there was an explanatory statement that accompanied the declaration, and then there was a 'Reasons for a Decision' document.

Senator DUNIAM: So that's the legal one, isn't it?

Ms Parry: There are two different documents, but obviously on the same matter. And the contributions of OLAC are recognised in both documents. The explanatory statement, as Ms Dumazel is about to demonstrate to

you, goes through the procedural fairness rounds, what happens there and who is involved. Then, in the statement of reasons, the reasons documentation, there is an explicit section. The minister has acknowledged OLAC's concerns with the evidence that was provided, but, in effect there were six rounds of procedural fairness, and, while OLAC provided some evidence, at the end of the day, the minister was satisfied against the two tests of the act that WTOCWAC provided sufficient evidence. But Ms Dumazel can finish her—

Senator DUNIAM: Just to clarify, on the document—

Ms Dumazel: I'm talking about the explanatory statement. On page 7 it starts, and it goes through round 1 and the first four rounds. In terms of the information that was provided, between January 2024 and 19 January 2024, round 5, the department provided WTOCWAC, the proponent and OLAC with a further opportunity to comment and provide submissions, and responses were received from the proponent, WTOCWAC and the OLAC. Then there was a final opportunity to comment and provide submissions, and that was round 6. That was offered to the applicant, to WTOCWAC, to OLAC and to the proponent. That round ran from 27 February until 7 March 2024. Responses were received from WTOCWAC and the proponent but not from OLAC.

Senator DUNIAM: Was there new information in that sixth round that was not available in the previous round of procedural fairness?

Ms Dumazel: Every time we receive new information, we do another round of procedural fairness, so that's one—

Senator DUNIAM: So that is the case for a new round?

Ms Dumazel: Correct.

Senator DUNIAM: And did OLAC communicate at all? They didn't even respond?

Ms Dumazel: Not to that final round.

Senator DUNIAM: On this, the section 10 reporter is appointed, undertakes their work, which this goes through in detail—you've just explained the process beyond departmental receipt of that report. With the further information—the toing and froing between proponent, applicant and any other interested parties—does the section 10 reporter get brought back in, given they are the expert, notionally, having been commissioned to do the work, the section 10 report? Do they, at any point, come back in, given all of this new information relating to the section 10 report, and have another look at everything that was tabled or presented?

Ms Dumazel: The section 10 report is the main piece, and it's the procedural fairness rounds where we go through the extra information, so it's not a requirement to have the section reporter come back in. But I just might pass to my colleague Ms Najjar around the regular process that we run through, which we ran through for this process as well.

Senator DUNIAM: Just to be clear on that, I understand the section 10 report is the basis for the whole assessment under the act. As part of this new information coming to light through the procedural fairness, natural justice, process, is the section 10 reporter, who has been commissioned as an expert, invited back to then assess this further information, or is it left to the department and its officials to determine?

Ms Dumazel: It is not a process that we go through. We have a set of procedures that we go through for the procedural fairness process. We follow a set routine. We provide the new information to all interested parties. We give them time to respond. We often extend that time if they need further consideration. We then look at the information that's been provided. If there's new information that's provided as part of that process, then we go back out to all the parties again. It's really important that every person who has an interest in it is given a further opportunity to respond.

Senator DUNIAM: I won't labour this point, and there's probably no need to go through the process. The only reason I asked this is that we've commissioned an expert who is independent of everything to compile the information to ultimately enable the minister to make a decision. New information has come in outside of the section 10 report, but the section 10 reporter doesn't see it?

Ms Dumazel: When the minister's making a decision, the minister takes into account the report and any additional information that's provided.

Senator DUNIAM: Yes, I understand that. I'm wondering why the section 10 reporter, the heritage expert, isn't asked for a view on this extra information that has come to light as a part of your natural justice process.

Ms Parry: It's not a normal course of process that we follow. We can ask Ms Najjar to go into more detail if you want, but, in essence, the minister looks at a suite of information: looks at the application from the applicant, looks at the proponent's information, takes into consideration the section 10 report, takes into consideration oral

submissions and forms a body of evidence. The section 10 is one piece of evidence, but it's not the only piece that the minister would consider.

Senator DUNIAM: I'm being given the wind-up. Did you say the final round was in February or March this year?

Ms Dumazel: It was 27 February 2024 to 7 March 2024.

Senator DUNIAM: It was from March 2024 to the date of the declaration. What date was the declaration?

Ms Parry: It was 13 August.

Senator DUNIAM: What happened in that period of time?

Ms Parry: We compile all the information. As you can appreciate, there's a lot to go through. The minister did make an additional request that we request some further information from the proponent, from Regis. We went back out to Regis and requested some further information from them. In essence, then we go through all the evidence obtained over that time, and we form a recommendation to the minister.

Ms Dumazel: There were over 2,500 pages of information. When we're preparing our analysis and report to the minister, we take into account all the information.

CHAIR: We'll go to Senator Whish-Wilson.

Senator WHISH-WILSON: Thanks, Chair. I've got a couple of questions about the draft conservation advice for the maugean skate. I understand that the potential up-listing was delayed. Can you tell me how many public submissions were received by the Threatened Species Scientific Committee for the listing assessment?

Ms Maguire: They received 247 submissions.

Senator WHISH-WILSON: Will those submissions be made public?

Ms Maguire: No. As a matter of course, the general practice is not to publish submissions by the department, but people who put submissions in often will publish their own submissions.

Senator WHISH-WILSON: The consultation document states that information provided through the consultation may be subject to FOI legislation and court processes. Is there a potential that they could be FOI'd?

Ms Maguire: Yes, that's right.

Senator WHISH-WILSON: In relation to the extension, who requested the extension which was presumably to deal with the 247 submissions?

Ms Maguire: The Threatened Species Scientific Committee.

Senator WHISH-WILSON: Who in the committee asked for the extension?

Ms Maguire: It was a committee decision.

Senator HANSON-YOUNG: Was that in writing?

Ms Maguire: It was at a meeting of the Threatened Species Scientific Committee. At that meeting, they agreed to the request for extension from Minister Plibersek.

Senator WHISH-WILSON: So, as Senator Hanson-Young asked, are there minutes from the meeting, or was the extension request in writing? And can we get a copy of it?

Ms Jago: There were minutes taken at the committee's meeting. In terms of whether they're publicly available, I'd need to confirm whether that's something we are able to release.

Senator WHISH-WILSON: Could you take that on notice, and could you also let me know if there is anything in writing? What's the process here? The committee makes a decision when it has its meeting—how do they then request an extension from the minister? Is it a phone call, is it an email, is there a representative the minister has at a meeting who relays that to the minister? How does it work?

Ms Maguire: Ilse Kiessling is in charge of the secretariat for the TSSC.

Dr Kiessling: The normal process is that there are, as you would expect, agendas for each Threatened Species Scientific Committee meeting. At the meeting that the maugean skate was considered, it was a normal agenda item. The committee considered the fact that there were 247 submissions that were made and, on that basis, made a decision that they were unable to consider all of those submissions within the timeframe that was available. That was all minuted, and there was a—

Senator WHISH-WILSON: Did you say that was unminuted?

Dr Kiessling: That was all minuted in the meeting.

Senator WHISH-WILSON: Could I stop you there so I don't lose the detail. The time available was due to expire last week. Are you meaning the time available to when the decision was due to be made last week?

Dr Kiessling: The original request was that the assessment be completed by 30 October. The public submission period concluded on 15 October, as I recall. The time that was available for the TSSC to consider all of the submissions was just not long enough. So the unanimous conclusion was that they needed more time and, as has been discussed by my colleague, that was a request that was then made to the minister in writing.

Senator WHISH-WILSON: Okay, so that was made in writing. Can I get a copy of that request, on notice, please?

Dr Kiessling: On notice, yes.

Senator HANSON-YOUNG: How much—

Ms Maguire: Sorry, Senator, can I make a correction? The close of the public consultation period was 26 September.

Senator WHISH-WILSON: That's right. We found out, through ABC Radio, I think it was, that the decision had been extended. How long did the committee request for an extension, and what was in the minutes? Did you just want an extension, or did you want it for 12 months to October next year?

Ms Maguire: The committee requested the extension until 30 October 2025 to give them enough time to consider all the submissions and other reports that have become available. But they have said they're very conscious of the impact of this decision and its importance, and they will endeavour to provide their advice as soon as practicable.

Ms Parry: Can I add another point to that? Can I just make it really abundantly clear that the uplisting process that the TSSC is considering is independent of the reconsideration decision that the minister is considering.

Senator WHISH-WILSON: I'm not ready to ask you questions on that yet, but I will be.

Ms Parry: Okay.

Senator WHISH-WILSON: In relation to this uplisting, it was requested for 12 months to consider 247 submissions. It seems like a long time that you've been looking at this uplisting process. The nomination at least was made back in June or May 2023. I asked Professor Marsh how confident she was in the science with the uplisting, and she said she was very confident. So why are we taking 12 months now to consider submissions for a species that's one extreme weather event away from extinction according to the science?

Ms Maguire: The Threatened Species Scientific Committee believed that the submissions they received were highly technical and complex, and there are additional reports that have become available from the University of Tasmania and the EPA that they would also like to consider. But, to reiterate, they expressed that they are conscious of the impacts and importance of this decision, and they will move as quickly as they can.

Senator WHISH-WILSON: Are you able to tell me how many of those submissions or reports that they're now considering have come from the salmon industry themselves or from the Tasmanian government, who clearly do not want any change to the conservation advice, including the EPA?

Ms Jago: I'm not able to give you that detail today.

Senator WHISH-WILSON: Okay. Was there any discussion with the Threatened Species Committee—the chair or any of the committee—and the minister's department prior to the meeting about an extension? It was an agenda item, but surely there were some discussions with the minister's department about this?

Ms Maguire: The department or the minister?

Senator WHISH-WILSON: The minister or the department or both?

Ms Maguire: Yes, there were discussions with the department—

Senator WHISH-WILSON: Right.

Ms Maguire: in the lead-up to, and prior to the Threatened Species Committee meeting on the date they met.

Senator WHISH-WILSON: Who did the Threatened Species Committee discuss a possible extension with in the department?

Ms Jago: It wasn't so much about the extension; it was about the number of submissions and what the type of submissions were.

Senator WHISH-WILSON: Was the time extension mentioned in correspondence or discussions with the department?

Ms Jago: It was more about—that there would be an agenda item, that we would need a meeting in advance of the 30 October deadline for the assessment listing advice to go to the minister for the committee to consider their position on the information provided through the public comment period—and then if they would be considering. It was really about the update from the department on the content and the information.

Senator WHISH-WILSON: There was no discussion with anyone in the department about extending this for 12 months prior to the meeting?

Ms Jago: It was certainly a—

Senator WHISH-WILSON: Did anyone in the department suggest 12 months?

Ms Jago: It was certainly understood that there were a lot of submissions, and that there were complex, detailed submissions. That was then provided to the committee for the committee to consider their next step.

Senator WHISH-WILSON: Do you have any more questions on that process?

CHAIR: I am going to move the call on, but I will come back to you. Can I just be really clear; the minister hasn't requested this extension. Is that right?

Ms Jago: Correct.

CHAIR: It's the Threatened Species—

Ms Jago: Scientific Committee.

CHAIR: Scientific Committee that has done this. It's not a request of the minister. It's their volition to extend this.

Ms Jago: That's right.

Ms Maguire: No. The Threatened Species Scientific Committee had to request an extension from the minister who agreed to the extension until 30 October 2025.

CHAIR: Okay. Got it. I just wanted to be crystal clear.

Senator WHISH-WILSON: I am still not finished my questioning on this, Chair, whether there was prior discussions—

CHAIR: Yes. Absolutely. We will come back to you. We are going in 10-minute blocks.

Senator WHISH-WILSON: Thank you.

CHAIR: Apart from Senator Darmanin, who gets less, because she is from the government. Over to you.

Senator DARMANIN: Thank you. I just wanted to ask about Indigenous protected areas. I was wondering if you could run us through how many IPAs there are across Australia, and how they contribute to the National Reserve System?

Mr Knudson: We are getting the right staff to the table. But I am pretty pleased to say that we've made a significant step forward in this space. The government has invested over $200 million dollars in IPAs. A portion of that is going to establish 10 new IPAs. When you take stock of the full suite of IPAs that are currently being progressed, that's up to 27 million hectares of new protected areas in the country, being done in collaboration with First Nations. The reason this is all top of mind is this also featured pretty heavily in the discussions at the recent COP on the Convention on Biological Diversity, and Australia placed, quite frankly, as one of the leaders in terms of expanding our natural protected areas.

Senator DARMANIN: For the 10 new IPAs that you've talked about, in what timeframe have they been announced? Is that since May 2022? What's the total number?

Mr Knudson: It's related to the funding that was provided by the government shortly after their election. Ms Stevens can provide more details if that's helpful, but it's since the election.

Ms Stevens: In relation to your question about how many IPAs, we currently have 89 dedicated IPAs, but in total we have 105 dedicated and under consultation under the last round of the program. The new expansion—as Mr Knudson just explained—has 10 new IPAs and 12 expanded IPAs under that new funding that was announced back on 1 July 2024. I can run through the announced new and expanding IPAs, if that would be helpful; if you want me to list them.

Senator DARMANIN: Maybe just quickly list them; that would be good. Is that okay—if it doesn't take too long.

Ms Stevens: It won't take too long. The new and expanded IPAs are Bringing Jagun Back Together, in New South Wales; Bellinger Valley in New South Wales; Wadja IPA consultation project in Queensland; Wudjari IPA in WA; Western Miyarrka IPA consultation project in the NT; Simpson Desert IPA in the NT; Muunthiwarra,

Alka Bawa and Kalpowar—or MAK—IPA in Queensland; Pormpuraaw Aboriginal Lands and Waters IPA in Queensland; Nymal IPA in WA; Yindjibarndi IPA in WA; Mount Willoughby IPA—this is one of those expansion projects—in South Australia; and Yanyuwa Sea Country IPA expansion in the NT.

Senator DARMANIN: How important are IPAs for providing threatened species management and protection?

Ms Stevens: IPAs are a really important contribution to threatened species management. A number of the IPAs specifically have responsibility for managing a range of priority species in each of those places. Under the program itself, there are a number of criteria that each of the IPAs have responsibility for and that were assessed against in terms of gaining funding. That includes environmental and cultural values. Of the current programs, 13 of those IPAs specifically have responsibilities for managing protecting species or priority places that are in line with the Threatened Species Action Plan.

Mr Knudson: The size of area that we're looking at is almost equivalent to, depending on your point of reference, Scotland or New Zealand. The protected estate is an enormous addition, with the expansions plus the new IPAs.

Senator HANSON-YOUNG: I've got some questions in relation to the EIS, in relation to Middle Arm. A document from the Northern Territory EPA shows that the date for lodging and publicly exhibiting the EIS for Middle Arm has been delayed from October 2024 to October 2026. Is that correct?

Mr Edwards: We've just been made aware of that document. Our understanding is that it may in fact relate to the time frames that they have in the Northern Territory to be able to complete their work, but Ms Calhoun will have a little bit more detail on that.

Senator HANSON-YOUNG: I'd like to get to the bottom of it, so whatever light you could shed would be good.

Ms Calhoun: The announcement that I think you are referring to, where they're extending it by two years to 2026, is the NT EPA assessing the Middle Arm area, and they're doing that as a strategic proposal in the NT environmental law. So it's separate to the EPBC strategic assessment that we are undertaking, with the NT Department of Infrastructure, Planning and Logistics.

Senator HANSON-YOUNG: How does that intersect with the EIS draft that your department has carriage of?

Ms Calhoun: We've been reviewing the documentation with the NT department of infrastructure. We've met with them. We've provided them with feedback on that, and they're currently reviewing that, and we'd expect that to be released in the first quarter of next year. It will be in public consultation in early 2025.

Senator HANSON-YOUNG: So you will release the EIS early next year with public consultation on that in early 2025?

Ms Calhoun: The NT Department of Infrastructure, Planning and Logistics will release that.

Senator HANSON-YOUNG: Have there been any concerns about the adequacy of the draft EIS?

Ms Calhoun: We've had an iterative review process over a number of months. We've had robust discussions. We're looking to ensure that it delivers positive environmental outcomes. We've adaptively reviewed and strengthened our approach over that time, and we've ensured that we've dedicated additional resources to make sure that happens. I would say that it is a normal process for an EIS of this size to be carried out at this length of time, because it is complex and there are a number of things that we need to work through across a number of different agencies to get that outcome.

Senator HANSON-YOUNG: So the delay from the NT Environment Protection Authority has nothing to do with the concerns or the drafting process or the feedback process?

Ms Calhoun: So, for the review of that precinct, they've got to do environmental considerations under national environmental law, as well as under territory law. As I understand it, the notice is to do with the NT EPA review process, so they would need to answer why that's been extended.

Senator HANSON-YOUNG: How would that interact with the NT's new proposed bill to allow the Chief Minister to circumvent the EPA?

Ms Calhoun: That's a matter for the NT government.

Senator HANSON-YOUNG: But they could do that? That piece of legislation could allow the Chief Minister just to do what she wants?

Ms Parry: That's a piece of Northern Territory legislation.

Senator HANSON-YOUNG: Yes, but you're the federal environment department, and surely you need to keep an eye on what is going on.

Mr Fredericks: Senator Hanson-Young, you're effectively asking for an opinion—

Senator HANSON-YOUNG: Has your department considered that piece of legislation in the Northern Territory?

Mr Edwards: I had a discussion with the Northern Territory government only last week around their draft consultation paper. They highlighted to me that the EPBC bilateral arrangements were proposed to be exempt from that power of the Territory Coordinator. But they also highlighted that obviously there's more consultation and policy work to be done by the Northern Territory government on the final settings.

Senator HANSON-YOUNG: Sorry, I misheard. Could you just explain which part will be exempt?

Mr Edwards: They specifically pointed out that the EPBC bilateral arrangements, where we do joined-up assessments together, were proposed to be exempt from those arrangements. It's essentially the same with the project we're talking about: it's a streamlined mechanism already; it's already joined up. What they're going for, I suppose, is oversight or something that will deliver streamlined assessment of approval arrangements.

Senator HANSON-YOUNG: So, for the federal EIS on Middle Arm, for example—because this is the live option we're talking about—this new piece of legislation would not interact with that?

Mr Edwards: As proposed to me, the information I have is around standard bilateral assessments. We have a strategic assessment agreement with the Northern Territory government. They haven't indicated that they're moving away from that agreement at all.

Senator HANSON-YOUNG: In relation to the EIS submitted to your department, have you raised any concerns about the destruction of the harbour from dredging?

Ms Calhoun: There have been discussions around dredging. I can't give you the specifics on those discussions at this point in time.

Senator HANSON-YOUNG: Air pollution caused by the gas and petrochemical factories?

Ms Calhoun: I believe air pollution is a matter for the Territory government.

Senator HANSON-YOUNG: So air pollution isn't considered under the EIS that has to be submitted federally?

Ms Calhoun: Correct.

Senator HANSON-YOUNG: Okay. The bulldozing of 1,500 hectares of critical habitat for the black-footed tree-rats? That would have to be considered. Has that been raised as a concern?

Mr Edwards: At the moment, they're really detailing all their environmental impacts.

Senator HANSON-YOUNG: I know. I'm trying to get a handle on what is being raised and what is a concern, because this is obviously a very important issue for people, and people are totally confused now about what's going on.

Mr Edwards: Sure. So, we would have raised all the aquatic and terrestrial impacts that are relevant to the EPBC Act with them. It's been a good iterative process. Officers were there in October—

Senator HANSON-YOUNG: So can you answer me whether the bulldozing of the 1,500 hectares of critical habitat in relation to the black-footed tree-rats has been raised?

Ms Calhoun: Critical habitat for MNES is something that is being looked at.

Senator HANSON-YOUNG: The destruction of the habitat of the endangered far eastern curlew would be caught up in that as well?

Ms Calhoun: Yes.

Senator HANSON-YOUNG: What about the ability or the likelihood of finding an adequate biodiversity offset for the project. Where does that fit in relation to the EIS?

Ms Calhoun: That's all part of the discussions that are being undertaken at this point in time. The EIS will become public early in the new year, and that is where public consultation can be provided, and all the issues that are raised that are relevant will need to be considered by the Northern Territory Department of Infrastructure, Planning and Logistics; show how they've been addressed, and then that will be considered for adequacy pending a strategic assessment being accepted.

Senator HANSON-YOUNG: The EIS won't go to the adequacy or not of any offset; that's a next step?

Ms Calhoun: No. Offsets will need to be considered prior to the strategic assessment being endorsed or put in place.

Senator HANSON-YOUNG: Are there any viable offsets for this type of biodiversity loss?

Mr Edwards: Senator, it is in development still. The beauty of a strategic assessment is they get to consider the broader impacts and also the offset and connectivity opportunities in that. What we are talking to the Northern Territory about is everything you've talked about—how do you deal with all those species; how do you look at the best connective landscape; how do you look at the right offset arrangements. They're the pieces that will come forward in their plan, supported by their environmental impact statement, but they haven't completed that work yet.

Senator HANSON-YOUNG: How do you offset the disruption of, you know, where dolphins swim, play, eat and live?

Mr Edwards: Again, we are in hypothetical space—

Senator HANSON-YOUNG: No, I'm not, because dredging is a problem, and there's been an already significant impact on the dolphin population. It's not hypothetical; it's very real. Talk to anyone in Darwin. I'm sure Senator McCarthy is well aware of this. It's not hypothetical.

Mr Edwards: Sorry, Senator; I'm talking about this project. We're not finished yet. But in species—

Senator HANSON-YOUNG: I wish it was hypothetical, and I wish we could kill it off straightaway.

Mr Fredericks: Senator, please, could you give the witness the courtesy of allowing him to finish his—

Senator HANSON-YOUNG: I feel like there is a deliberate strategy not to answer the questions, Secretary Fredericks.

Mr Fredericks: I reject that completely. If the witness has an opportunity to answer the question without interruption, perhaps he will convince you otherwise.

Senator HANSON-YOUNG: Let's have another go. Mr Edwards.

CHAIR: How about we rotate the call, and we just—

Senator HANSON-YOUNG: I am nearly done on this block—

CHAIR: cool our heels and be a bit respectful towards the witnesses.

Senator HANSON-YOUNG: I'd like Mr Edwards to answer the question I just asked.

Mr Edwards: Happy to, Senator. What I was about to say is that we have statutory documents that lay out established avoidance and mitigation techniques for a range of species. We have scientific knowledge around that, established practice in environmental management, and they're the types of features that the Northern Territory or any proponent will draw on in terms of putting something to us.

Senator HANSON-YOUNG: But can you provide a biodiversity offset for dolphin habitat? That's what I'm asking you. Does that actually exist?

Mr Edwards: I think we're rarely in the space of offsets in the aquatic environment. Again, it's about reducing the impacts on the species, but we'll have to see what the Northern Territory put to us for assessment.

Senator HANSON-YOUNG: Sounds like a 'No'. Chair.

CHAIR: Thank you. Senator Roberts.

Mr Fredericks: Senator, no, it sounds like a decision that's still to be made for all the reasons that the witness gave you—very proper evidence.

Senator HANSON-YOUNG: Yes, but has it been done? Can you do it?

Mr Edwards: We're not even sure offsets are required. Your starting point—

Senator HANSON-YOUNG: Dolphins are threatened—

Mr Edwards: If I can finish—the starting point is avoidance, then mitigation and then offsetting of residual significant impacts.

Senator HANSON-YOUNG: Okay.

Mr Edwards: That's what we're working on with in the Northern Territory, and our preference—don't get me wrong—is avoidance. But that's where we—

Senator HANSON-YOUNG: Let's stop it then. Let's put a line under Middle Arm, knock it off, stop it, and then we can avoid the whole damn thing. That would be perfect. Thanks, Mr Edwards.

CHAIR: Unfortunately, we have to follow the law, Senator Hanson-Young.

Senator HANSON-YOUNG: No, you could just bloody stop—the federal government could stop funding $1.5 billion.

CHAIR: We'll go to Senator Roberts.

Senator ROBERTS: I'd like to ask questions about fire ant treatment in Queensland. Are you aware of the many complaints that have been made about the administration of the National Fire Ant Eradication Program in Queensland, which has already resulted in massive environmental damage in the Samford Valley near Brisbane, but it also concerns residents in Currumbin, Boonah, Gatton and other places in South-East Queensland?

Dr Fraser: The Australian government lead for the National Fire Ant Eradication Program is the Department of Agriculture, Fisheries and Forestry. So, while I'm aware of some of those complaints and, broadly, on stakeholder interest in this really important issue, for some of those more detailed questions you may get some more comprehensive responses from that department.

Senator ROBERTS: I've been in touch with RRAT, and I'm going to be asking questions of them tomorrow for the reasons you just mentioned, but I'd like to continue because this is an environmental matter. It's a catastrophe in the making. Is the aerial dumping of toxic insecticide by helicopter into a creek system a breach of the Environment Protection and Biodiversity Conservation Act 1999? This is exactly what has happened recently into Dawson Creek and Samford Valley, which I visited and sighted, and there's no life in the creek.

Dr Fraser: I'm not aware of whether that's an issue under the EPBC Act or of the specifics of that. What I would say is that the treatments that are used in the fire ant eradication program are specifically targeted to those ants, and they're approved by the APVMA, the Australian Pesticides and Veterinary Medicines Authority, who conduct a very rigorous scientific assessment prior to those approvals.

Senator ROBERTS: I've seen what they've done in Dawson Creek and Samford Valley. It's wiped it out. There's nothing moving in the creek, nothing at all—no life. We've had similar complaints in other areas. Are you aware that independent water testing of the creek showed massive toxic pollution of the local waterways, not due to previous pollutants or other pollutants?

Dr Fraser: Again, I'm not familiar with the details of these issues. They'll be best handled by the agriculture department.

Senator ROBERTS: Will this government halt the funding of the dangerous spraying of chemicals into our waterways until at least an independent environmental risk assessment is completed? I guess that's a question for the minister.

Senator McCarthy: I'll certainly take on notice your concerns in regard to Dawson Creek. What I can say is our government would never want to pollute any particular area with any ill will. I think—

Senator ROBERTS: I've got no doubt of that at all.

Senator McCarthy: So I just want to go back to the assertion in your question.

Senator ROBERTS: There is no assertion whatsoever.

Senator McCarthy: Okay, thank you.

Senator ROBERTS: All I want to know is will you stop the funding that's polluting Dawson Creek and other areas until an independent environmental risk assessment is completed?

Senator McCarthy: I can take that on notice.

Senator ROBERTS: According to residents, there are serious conflicts of interest with the previous Queensland government. Dr Fraser, why was the program allowed to distribute huge quantities of poison into pristine environment with no environmental risk assessment completed beforehand, and why is it funded?

Dr Fraser: To take your last question first, the program has been funded because red imported fire ants are one of the world's worst invasive ant species. If this species remains unchecked in the South-East Queensland area and beyond, it could cover up to 97 per cent of Australia. It would wipe out huge numbers of birds, mammals and other species and cause enormous destruction to agricultural industry throughout Australia, human health and infrastructure. It is possibly one of the worst invasive species Australia has experienced, and the overseas experience is those catastrophic impacts I just spoke about. Hence, the commitment of the Australian government and the increased funding commitment by the Australian government to deal with this pest.

Senator ROBERTS: Could you take it on notice and provide us with the evidence backing up what you just said, please? We've got very concerned residents in my home state, and they have talked to people overseas,

including people in Texas—fire ants are now quite common across the United States—and there's very little damage at all. So if you could just take it on notice to provide me with the evidence to back up your claim.

Dr Fraser: I don't need to take that on notice. We have provided information on that, including scientific references in our department's submission to the red imported fire ant inquiry, and we also appeared as witnesses at that inquiry as well. So that information is on the public record as part of our submission, but it is much more broadly on the public record and documented in the scientific literature, including for the United States.

Senator ROBERTS: Thank you. Are you aware of the damage to the environment that's already occurred through the mismanagement of this program in Queensland?

Dr Fraser: No, I'm not.

Senator ROBERTS: Are you aware that 21 years ago there was one fire ant nest at the port of Brisbane and now they are in Northern New South Wales and all over South-East Queensland?

Dr Fraser: I'm not familiar with that.

Senator ROBERTS: The program is failing.

Dr Fraser: The program has been hugely successful in limiting the spread of red imported fire ants from the South-East Queensland region. The rate of spread in Australia is miniscule compared to the rate of spread in countries like China and the US, where this species is wreaking havoc.

Senator ROBERTS: How does spraying toxic chemicals in valleys with no fire ant nests helping to stop the spread of fire ants?

Dr Fraser: I'm not aware of those detailed accusations.

Senator ROBERTS: Are you aware of the dead wildlife—including native ants and whole hives of bees—illness to pets and the massive loss of the marine life yabbies in the creek that have already occurred since baiting commenced?

Dr Fraser: No, I'm not.

Senator ROBERTS: Are you aware of the threats to human health posed by these chemicals used to treat land?

Dr Fraser: No, I'm not, but I am aware of the threats posed to human health posed by red imported fire ants.

Senator ROBERTS: People have water tanks—they're not on the reticulated water system—that use their roof. They've got toxins on their roof. Spraying over houses with humans in them. This is what's going on.

Dr Fraser: Again, I'm not familiar with these issues, and I would also not claim that toxic chemicals do not have impacts beyond the target species; however, it's a risk management approach that is taken in dealing with these invasive species.

Senator ROBERTS: Does the risk management include sloppy and indiscriminate helicopter usage?

Dr Fraser: You're aware that I won't know the answer to that question.

Senator ROBERTS: Are you aware that S-methoprene is not approved for use in the UK, because of high-risk environmental concerns?

Dr Fraser: I'm not, but, as I've stated, I'm not an expert in these matters.

Senator ROBERTS: What compensation will be made for the damage already caused by this ill-considered program.

Dr Fraser: I don't know.

Senator ROBERTS: Minister?

Senator McCarthy: I'll take that question on notice.

Senator ROBERTS: Why are properties in Queensland and many valleys still being poisoned when it has been established that there are no fire ants present?

Mr Knudson: A number of your questions go to the implementation of this program, which, as Dr Fraser has laid out, is a program of the Department of Agriculture, Fisheries and Forestry. We're just not positioned to give you informed answers on those questions.

Senator ROBERTS: This has become an environmental issue, with all due respect, Mr Knudson. That's why I'm asking questions here as well as Agriculture.

Mr Knudson: What Dr Fraser has laid out is, 'Here's the environmental risk et cetera,' but the specifics on the implementation of the program are a matter for the department of agriculture. I'm just trying to say I think your energy and effort would be best focused on the department of agriculture.

Senator ROBERTS: I have plenty of energy—tonnes of energy!

Mr Knudson: I have seen that many times.

Senator ROBERTS: What we'll be doing is going into Agriculture and holding them accountable as well, but this is an environmental catastrophe—a human catastrophe.

Mr Knudson: That's what Dr Fraser has laid out that. We're not saying that there are no impacts from the program; what we are saying is that it's a really significant environmental issue that we're trying to contain. What Dr Fraser has laid out is that there is significant evidence that the program has been effective in containing the growth and spread of red fire ants.

Senator ROBERTS: Residents in Queensland would disagree. Let me ask my last two questions. Given that the eradication of fire ants has failed over the last 30 years in Australia and we have spent almost a billion dollars, is it time to stop this program and try to find another, environmentally safe and responsible management solution?

Dr Fraser: The program hasn't failed. The program has been successful in curtailing the spread of red imported fire ants by any measure, including against overseas measures.

Senator ROBERTS: Which department appropriates the money to Queensland, and what monitoring and audit measures are there?

Dr Fraser: There are extensive monitoring and auditing measures. As for which department appropriates the money to Queensland, that would be a question for the department of agriculture.

Senator ROBERTS: It's not your department?

Dr Fraser: No, it's not.

Senator DUNIAM: I want to move on from the process we've discussed. As I understand it, the section 10 reporter reached a different conclusion in their report than the final decision that was made by Ms Plibersek. I just wonder what feedback has been provided to the reporter and, indeed, whether the reporter that was engaged to do this work has worked on or is currently working on other ATSIP cases, section 10 reports or similar. Have they been contracted for any such work since?

Ms Parry: I think we've already laid out to you that the section 10 report is one piece of evidence that the minister considers amongst a broad range of evidence that's gathered throughout the entire process. I think we've established that. But to go to your specific question about whether this reporter is engaged in any other ATSIHPA cases—

Senator DUNIAM: That's the point.

Ms Parry: we may have to take that on notice, unless my officials know that off the top of their heads.

Ms Dumazel: We'll have to take that on notice.

Senator DUNIAM: Sure. If we go to the statement of reasons—I think in this document it's paragraph 6.39, which says that the applicant did submit that many Dreaming stories follow the path of the river—were these multiple dreaming stories each detailed individually to the department and/or to the minister through any of the processes we've gone through or discussed?

Ms Parry: I'll start answering this question and then officials can go into a bit more detail. I think we just need to take a step back and understand how the minister considers the matters at hand against the tests of ATSIHPA. The tests of ATSIHPA are actually fairly straightforward, the objects of the act. It needs to be demonstrated that there is a series of traditions of significance to Aboriginal and Torres Strait Islander people, and that that is under threat. In essence, what we need to establish is significance and threat.

Senator DUNIAM: I understand all of that.

Ms Parry: What we do when we ascertain through a body of evidence—we've just canvased how we do that around section 10: procedural fairness, oral submissions et cetera—is establishing that significance. In ascertaining the specifics of your questions around Dreaming, that goes to the significance of the evidence that was provided; it goes to part of the intangible cultural heritage that connects the Wiradyuri people to that particular region. One component of that is Dreaming, one component of that is the connection to water, another component of that is through initiation and ceremonies, and that is all laid out, and how those things are interconnected form the body of evidence—

Senator DUNIAM: That wasn't my question, though. I appreciate the background, but I am short on time. Understanding all of that, having read these documents and having had the benefit of the explanation, I was wondering whether these stories in the process had been detailed to the minister or the department—the multiple stories referred to in paragraph 6.39?

Ms Dumazel: I don't have the application in front of me. I've got the statement of reasons. All the information that was provided—

Senator DUNIAM: You knew I'd ask about this at estimates, though.

Ms Parry: What we can say is clearly what's set out in the statement of reasons—in section 6.39, as you've indicated—is while that particular dreaming was not mentioned in the application, the dreaming was raised through an oral submission passed on by a traditional owner, who was hospitalised at the time that the section 10 report was being written. So that's why it was not included in the section 10 report. He was unwell and he was unable to provide his evidence as a traditional owner of the region of his dreaming and stories that would then form part of an oral submission that we gathered as part of the procedural fairness rounds after the section 10 report was finalised.

Senator DUNIAM: It's only the additional piece of information. So there's just one other dreaming story, and that was detailed to the minister via the department through these rounds. Is that what you're saying?

Ms Parry: That's right.

Ms Dumazel: Correct.

Senator DUNIAM: Which round was that in, can I ask? You might have to take that on notice, I expect.

Ms Dumazel: No, that was in rounds 5 and 6.

Senator DUNIAM: You knew that—rounds 5 and 6. So that one came back up in the last two rounds.

Ms Dumazel: Yes.

Senator DUNIAM: OLALC didn't respond to one of those. Which one was it—six?

Ms Dumazel: It responded to round 5 but not to round 6.

Senator DUNIAM: Okay, so it dealt with it in round 5. Minister, in terms of this decision, and you'd be well aware of the multitude of views held on this, including from members of the Wiradyuri community as well, do you have a particular view about the concerns that have been expressed by certain traditional owners around the decision that was reached, or is this absolutely fine and there's no issue?

Senator McCarthy: Certainly, in my conversations with Minister Plibersek, she has followed, to the law, her requirements as minister under the act, just as we know that your colleague Sussan Ley, in her previous role as minister, did. I'm certainly very aware, as Minister of Indigenous Australians, of the complexities of the different states and territories with their own heritage laws. But Minister Plibersek did follow the law according to what she's required to do.

Senator DUNIAM: I didn't ask about whether the minister adhered to the law. My question to you was: in terms of the outcome that was reached, given the multiple views that have been expressed from different TOs and other communities, do you have any concerns about the final decision as minister?

Senator McCarthy: I'm certainly aware, after the Juukan Gorge incident, when both the Senate and the House of Representatives then held an inquiry looking into cultural heritage, that this is an area that we are looking at very closely, especially with the disparities with state and territory legislation. When I meet with land councils—and I've certainly met with the Orange Local Aboriginal and Land Council, the Metropolitan Local Aboriginal Land Council and the Bathurst Local Aboriginal Land Council—that issue of heritage and culture is quite significant. That is a piece of work that I know that Minister Plibersek is also working on, moving forward to learn from all of these experiences, which include Juukan Gorge.

Senator DUNIAM: I'm not going to persist with that. Where is our rewrite of the Indigenous cultural heritage laws, by the way, given that was a matter of urgency following Juukan Gorge?

Ms Parry: I'll ask Dr Beswick to go through it. The government is still absolutely committed to cultural heritage law reform. It has been really pleasing to see the engagement that we've had over the course of the last approximately six months. Dr Beswick can outline the extent of the engagement that we've had. We've been ascertaining the issues that are really important to states and territories, to peak bodies, to traditional owners, to land councils, to the 50 organisations that the First Nations Cultural Heritage Protection Alliance represents. We are hearing that both proponents and traditional owners would like to seek greater clarity around who speaks for country, around greater recognition of—

Senator DUNIAM: You did mention some of this last time. I appreciate it, but we don't need it.

Ms Parry: I did, but you asked for an update, so I'm just providing an update around what we're hearing.

Senator DUNIAM: Given I'm short on time, Ms Parry, where are we up to?

Ms Parry: I'm trying to explain that to you. This is exactly where we're up to.

Senator DUNIAM: You're telling me what everyone wants.

Ms Parry: We are hearing from those extensive stakeholders that we're consulting.

Senator DUNIAM: What stage are we at?

Ms Parry: We are in the process of understanding where we need to target our efforts around cultural heritage reform—

Senator DUNIAM: Are we drafting?

Ms Parry: how we need to work with states and territories and what the key issues are that need addressing within ATSIHPA. That is where we are up to. We're identifying those key issues.

Senator DUNIAM: You're telling me that we're still scoping the problem.

Ms Parry: No, we're not still scoping the problem.

Senator DUNIAM: Or whether we need to deal with ATSIHPA. I think we need to deal with ATSIHPA.

Ms Parry: We're hearing very clearly from states and territories, from proponents, from peak bodies and from traditional owners about the key issues. There's a lot of confluence on the issues.

Senator DUNIAM: Are we drafting laws yet?

Ms Parry: We are currently in the process of identifying where those problems are that we need to address. That will lead into—

Senator DUNIAM: So we're still identifying problems.

Ms Parry: drafting of legislation. You can't draft legislation until you know the bits of the legislation that you're trying to amend.

Senator DUNIAM: You could have just said that upfront. I appreciate all the extra detail. I'll move on; I don't have enough time.

CHAIR: Last one.

Senator DUNIAM: Yes, sure. On what date did Ms Plibersek first become aware of, or get advised about, the blue-banded bee story?

Ms Parry: We wouldn't be able to have a specific date on when the minister became aware of the blue-banded bee dreaming story, but we can go to that body of evidence that we have gathered around the procedural fairness processes.

Senator DUNIAM: Yes, I think that's all I would expect you to know.

Ms Parry: We can't pinpoint a date when the minister would become aware of that.

Senator DUNIAM: I'm asking you, as the departmental deputy secretary, to inform me of when the department advised the minister, who made a decision based on your work, of this piece of information. That's all. I'm not asking when she had a coffee to talk to someone in Orange about it. You know what I'm asking.

Ms Parry: I was trying to answer your question. Your question was: when did the minister become aware of the blue-banded bee dreaming story?

Senator DUNIAM: Off the back of the work you're doing, or have done.

Ms Parry: The minister was aware, clearly, of the section 10 application. She's been aware of that since she became minister, as this process started prior to her becoming minister. She has been aware that the ATSIPA application has been unfolding. We've clearly kept her, and her office, informed. The fully formed brief went up to the minister. I don't have the date in front of me, but it went up to the minister in the months preceding her decision.

Senator DUNIAM: Could you take on notice the date on which she received that brief.

Ms Parry: Sure.

Senator DUNIAM: It would have been as simple as that.

CHAIR: We'll go to Senator Whish-Wilson.

Senator WHISH-WILSON: I have more questions on the maugean skate. I want to clarify a couple of points that were made before my time was up. There was a meeting of the Threatened Species Scientific Committee, and I think you said a normal agenda item was to discuss the extension. Was the meeting itself a regular scheduled meeting or was it a meeting specifically to deal with this extension?

Ms Jago: The meeting was a scheduled meeting but it was focused on the maugean skate, given the timing of their advice that was due to the minister.

Senator WHISH-WILSON: To be clear, did you, Ms Jago, have conversations with the department prior? Or were they aware of the agenda item and the fact you were having the meeting about the skate? Had there been discussions?

Ms Jago: That's right. As a matter of course on developing and working with the TSSC on listing advice and conversation planning, we have regular conversations with the TSSC members.

Senator WHISH-WILSON: The thing I'm specifically interested in, in terms of those conversations—you might have them regularly—but in terms of this one, was the extension date discussed prior to the meeting?

Ms Jago: No.

Ms Maguire: There were no discussions about the extension date.

Senator WHISH-WILSON: About how long you needed for an extension?

Ms Maguire: No. There were discussions with the TSSC prior to the formal meeting with some of the members. There were 247 submissions and public reports that were now available, but that was taken to the formal meeting of the TSSC and they made their decision to request the extension for 12 months.

Senator WHISH-WILSON: Who came up with the 12-month extension?

Ms Maguire: The TSSC.

Senator WHISH-WILSON: All of the committee?

Ms Maguire: That was the decision of the meeting of the TSSC.

Senator WHISH-WILSON: Who put it to the meeting?

Ms Maguire: The TSSC.

Senator WHISH-WILSON: Within the TSSC meeting, who put the 12-month extension to the rest of the meeting?

Ms Maguire: I wasn't at the meeting.

Senator WHISH-WILSON: Someone must have.

Ms Parry: The TSSC is actually appearing this evening. So that question might be—

Senator WHISH-WILSON: I'm aware of that, but I'm trying to get an idea of how this process is working.

Ms Parry: I don't think our officers would know which member of the TSSC put forward the 12-month suggestion. But we can just note that that was the outcome and it was a committee decision.

Senator WHISH-WILSON: Could I ask you, Ms Parry—

Senator HANSON-YOUNG: You should ask Dr Kiessling what she knows because she said she was there earlier.

Senator WHISH-WILSON: Dr Kiessling, earlier you said you were there. Did you provide any advice to anyone in the threatened species committee that was at that meeting about an extension date?

Dr Kiessling: There were no department officers who provided advice on a particular date, no.

Senator WHISH-WILSON: No department officers?

Dr Kiessling: It was a matter of the TSSC for discussion by themselves.

Senator HANSON-YOUNG: Who proposed the 12 months?

Dr Kiessling: The discussion was an organic discussion. There was a range of dates that were proposed. There was no one person who particularly identified the 12 months. It was a number of people who considered a range of dates.

Senator HANSON-YOUNG: What was the longest timeframe?

Dr Kiessling: 12 months.

Senator WHISH-WILSON: And the shortest?

Dr Kiessling: My recollection was that it's six months.

Senator WHISH-WILSON: Six months.

Senator HANSON-YOUNG: So some people thought it could get done in six months, Pete. That would be smack bang in the middle of an election campaign.

Senator WHISH-WILSON: Dr Kiessling, were there any discussions between yourself and the minister's department prior to this meeting?

Dr Kiessling: In relation to the maugean skate?

Senator WHISH-WILSON: And the extension, or either.

Dr Kiessling: No, I had no discussion with the minister's office in relation to that matter.

Senator WHISH-WILSON: Did anyone in the Threatened Species Scientific Committee or anyone in the department have any discussions with the minister's office in relation to the date?

Mr Fredericks: You'll be able to ask them shortly.

CHAIR: They're coming up next.

Senator WHISH-WILSON: I will. Thank you. As Ms Parry mentioned earlier, the second decision before the minister at the moment is relating to a review of the 2012 decision.

You mentioned, Ms Parry, that we don't require the uplisting as part of that process. Dr Fraser, you mentioned to this committee in May estimates last year:

… regardless of the uplisting, conservation action still needs to be taken, and still could be taken, to address … the current suite of threats. Addressing that current suite of threats is not contingent on the uplisting occurring or any new conservation advice being agreed.

Has there been any change to the conservation advice in relation to the skate, as a matter of interest?

Dr Fraser: The current conservation advice is still in place. So, no, there's been no change to that conservation advice. Do you mean in relation to the—

Senator WHISH-WILSON: To the skate.

Dr Fraser: Could you please repeat your question?

Senator WHISH-WILSON: Yes. This is what I'm interested in. Is the conservation advice in relation to the uplisting, or is it also in relation to conservation actions that are required? That's my understanding.

Dr Fraser: Forgive me if I am misunderstanding your question. But the conservation advice for the skate, the assessment that is open at the moment, includes conservation actions for the skate—

Senator WHISH-WILSON: That's right.

Dr Fraser: as well as the consideration of whether it should be uplisted from endangered to critically endangered. So it is confusing because the two documents are in one: the listing assessment and the reviewed conservation advice, which includes the management actions, research, et cetera.

Senator WHISH-WILSON: You then went on to say:

There's sufficient information to know that the species is significantly imperilled.

Has anything changed in that respect since you made that comment last May?

Dr Fraser: The species is already considered endangered and it's still considered endangered, so it's at risk of extinction by definition under the EPBC Act. Since then, further information has been included in the listing assessment and the conservation advice released by the Threatened Species Scientific Committee, which is the document we are discussing now. There's a raft of new information that is included in that document. I feel like maybe I'm missing the crux of your question.

Senator WHISH-WILSON: No, I haven't got there yet. I'm just asking about some background information. So, in relation to the uplisting or potentially listing the skate as critically endangered, that would recognise the impact that salmon farming in Macquarie Harbour has had on the skate. Correct?

Dr Fraser: Yes. That was one of the many considerations that was taken into account, but that was certainly a focus.

Senator WHISH-WILSON: So, in relation to Ms Parry's point, while the two things may not be directly connected, if the skate was uplisted, that would be pretty hard to ignore in terms of the decision around the 2012 referral. Correct?

Ms Parry: It's not being ignored now. The matter is, as Dr Fraser has outlined, because the skate is already endangered it's already obviously subject to EPBC regulations. Can I just take a minute and make the distinction

between the TSSC uplisting process and the EPBC process really clear, because they are getting conflated, and it is getting quite confusing. I would appreciate a second so I could unpick those.

The first is the minister's obligation under the EPBC Act to reconsider the 2012 referral decision; that's the three separate reconsideration requests. The legal test that is in front of the minister under that request is that she needs to consider whether the action is having, will have or is likely to have a significant impact on matters of national environmental significance—in this case, an endangered species, the skate, as well as the heritage values of the Tasmanian World Heritage Area. By law, she's required to either confirm the original 2012 decision, which was not a controlled action—it was undertaken in a particular manner—or revoke the decision and substitute it for another one. The second EPBC process is what we've just been canvassing around the TSSC uplisting. That was publicly nominated, but they are very separate. The reconsideration is not reliant on the outcomes of the TSSC's deliberation.

Senator WHISH-WILSON: I'm aware of that.

Ms Parry: But the nuance here that I want to emphasise—

Senator WHISH-WILSON: It would influence it, though. It may not be required—

Ms Parry: Here is a key piece—

Mr Fredericks: Senator, could you let Ms Parry finish? She is about to give you that evidence.

Ms Parry: This is the critical bit, Senator. We've advised the minister that, as we form our recommendations to her on the reconsideration decision, there could be some information that is coming forward as part of the TSSC's uplisting process that could be relevant to her decision. For example, the UTAS second interim report on skate population, and some of the outcomes of the oxygenation trials. We are taking that information as well, and having a look to see if it is relevant for the reconsideration. We're not waiting, but we are waiting to see whether that's relevant.

Senator WHISH-WILSON: Okay. Perhaps I wasn't clear enough. I go back to my original question, which related to Dr Fraser's original comment about conservation action and the advice in place. You're now saying to me, essentially, that, because of this new listing information in the listing process, that conservation advice isn't sufficient.

Ms Parry: Senator, no, that's not what I—

Senator WHISH-WILSON: You don't have confidence in that advice that you did have a year ago.

Ms Parry: No, that's not what I'm saying. I think what we're saying is—

Senator WHISH-WILSON: That's what it sounds like.

Ms Parry: What we're saying in terms of reconsideration decision is that we want to make sure that the minister has in front of her the latest, most accurate scientific information.

Senator WHISH-WILSON: Okay.

Ms Parry: If there's information coming out of that, we want to make sure—

Senator WHISH-WILSON: Sorry if I am appearing to interrupt you, but I don't have a lot of time, Ms Parry. But you are actually confirming my point, here, that what you had a year ago is not sufficient. If you're giving the minister an extra year to make a decision on the uplisting, and you're saying that information is relevant to her other decisions related to the 2012—

Ms Parry: Senator, I think—

Senator WHISH-WILSON: Then the current advice—

Ms Parry: Respectfully, I think we're conflating two issues still. The minister will need to consider through the TSSC recommendation whether to uplist the skate from endangered to critically endangered, as well as the suite of conservation actions. The minister also needs to consider her reconsideration decision, and we are suggesting as a department that there might be some information that is coming out of the TSSC public submission process that is relevant to her reconsideration—

Senator WHISH-WILSON: It is additional to what she's already got, and what she's had.

Ms Parry: The minister will need to include—as she would expect of us, as you would of expect of us—the latest scientific information in her reconsideration decision, and—

Senator WHISH-WILSON: I think there's a mountain of evidence—

Ms Parry: if there is information that's coming out that's relevant for that consideration—

Senator WHISH-WILSON: Ms Parry—

Ms Parry: We will provide it to her.

Senator WHISH-WILSON: Ms Parry, there's a mountain of evidence before the minister to take actions on the skate. There has been for some time. The most recent information we've seen from the committee talks about—what, 40 to 120 adult skates left in the wild?

Ms Maguire: Senator—

Senator WHISH-WILSON: We know one extreme weather event in 2019 reduced their population by half. That was one event in 2019, which could happen this summer. Surely you have enough information to make a decision.

CHAIR: Senator Whish-Wilson, we're going to have to rotate the call, and I think you'll benefit from the Threatened Species Scientific Committee later as well.

Ms Maguire: The difference is the public consultation on the TSSC, the conservation assessment, 247 submissions, and some additional reports. That's what's new, and—

Senator WHISH-WILSON: Yes, it's new enough to delay this by a year, which is a long time

Ms Maguire: The TSSC has said they want to.

Ms Parry: We have just said that the minister's reconsideration decision will happen independently of that. The TSSC has requested up to 12 months to consider that. That was the request of the TSSC. They have indicated—

Senator WHISH-WILSON: My last question—

Ms Parry: I just want to finish this thought. They've also indicated very publicly that they realise that this is creating uncertainty. They were trying to make that decision sooner, but, in the meantime, conservation actions are in place. There is funding going towards research, there is a captive breeding program, there is an oxygenation trial—

Senator WHISH-WILSON: There is one conservation action that's not in place, and that's removing salmon farming from Macquarie Harbour—

Ms Parry: That decision is still in front of her—

Senator WHISH-WILSON: which is one of the things mentioned in the first report, Ms Parry, yes. There is a captive breeding program and there's an oxygenation trial, but that's not what the key recommendation was. It was to remove salmon farming, and that's not in place. Could I ask you—

CHAIR: Senator Whish-Wilson—

Senator WHISH-WILSON: Just this last question, Chair, because this won't be for the committee.

CHAIR: I just feel like we are going around in circles here.

Senator WHISH-WILSON: No, this is for the department. You may feel this way, but I don't.

CHAIR: I do.

Senator WHISH-WILSON: What's the delay, then, in relation to—the minister could make a decision on the court case now, correct?

Ms Parry: There is no delay. We've had over 2,500—

Senator WHISH-WILSON: When will the minister make a decision on the—

CHAIR: Senator Whish-Wilson, can you let Ms Parry finish her answer?

Ms Parry: There is no delay. The minister is considering over 2,500 submissions. We have advised her that there is new evidence that is coming out that could be relevant. We are looking at that evidence now. The minister would expect us to have looked at the most recent and scientifically robust information that we have. That is our obligation as regulators, that's our obligation to her—

Senator WHISH-WILSON: Can you make a decision on the court case based on what you're saying tonight?

Ms Parry: She will be receiving our advice—

CHAIR: Senator Whish-Wilson, let her finish the answer.

Senator WHISH-WILSON: You're saying to me that it's going to take another year. You're giving yourself another year to take the extra information into account—

Ms Parry: I just really clearly said that these are separate processes—

CHAIR: Okay. Ms Parry, please stop.

Senator WHISH-WILSON: You can't expect the court case to—

CHAIR: Senator Whish-Wilson, you no longer have the call. I'm trying to do this in an orderly way. Ms Parry is trying to answer your questions. You're talking over each other. It's not helping. We're going to rotate the call, you can have a little re-think and I'll come back to you.

Mr Fredericks: Chair, I don't think it's fair that that inference that the senator made—

Senator WHISH-WILSON: Ms Parry ignored my question—

Mr Fredericks: has not been able to be answered. Could Ms Parry please be allowed to respond to your inference that she has effectively given evidence that the reconsideration request will be delayed by a year. That's what you put. I would like Ms Parry to have the opportunity to refute that.

Senator WHISH-WILSON: Yes, I would like her to—

Mr Fredericks: It's very important, Chair. It's an unfair inference that's been left.

CHAIR: Thank you, Mr Fredericks.

Senator WHISH-WILSON: I agree, Mr Fredericks.

Senator HANSON-YOUNG: So when should we expect it?

CHAIR: Only the basis that you don't talk over her, which is what you've been doing for the last 15 minutes.

Senator WHISH-WILSON: Actually, Chair—

CHAIR: If you listen to her, then I'll let you go again.

Senator WHISH-WILSON: you don't get to tell me that I've been talking over someone.

CHAIR: I do, because I've been sitting here listening to it.

Senator WHISH-WILSON: That's an entirely inappropriate thing for you to say as chair of this committee

CHAIR: No, it isn't.

Senator WHISH-WILSON: Yes, it is. Keep your political opinions and your personal reflections to yourself.

CHAIR: That is not a political opinion.

Senator WHISH-WILSON: I haven't been talking over Ms Parry. We've been having a robust conversation.

CHAIR: We'll just watch the video back later, Senator Whish-Wilson. We'll all know the truth.

Ms Parry: Senator, can I emphasise that we are close to finalising our advice to the minister on the reconsideration decision, and we anticipate providing that advice to her in the coming months.

Senator HANSON-YOUNG: Before the election?

Senator WHISH-WILSON: You did mention that you are taking into account the new information that you've received through this other process.

Ms Parry: We're seeing if there's any information there that is relevant—

Senator WHISH-WILSON: That's going to take a year.

Ms Parry: No, Senator.

Senator WHISH-WILSON: You're giving yourself a year.

Ms Parry: We're seeing if there is any information in there that is relevant for her reconsideration decision. I have just emphasised again that our information will finalised and put to her in the coming months. We would expect and she would expect that we want a decision to be scientifically and legally robust, which means, as regulators, we are providing the latest, most relevant information to put in front of the minister in order for her to make a decision.

Senator WHISH-WILSON: I don't dispute that. My point is that it's going to take time. You've given yourself a year—

Ms Parry: And I've just—I have not given ourselves a year. The TSSC requested up to 12 months to consider it's up-listing process. I have just indicated that the department is preparing and finalising its advise to the minister. We expect to be finalising that advice in the coming month months.

CHAIR: We are going to rotate the call. You've had well over your 10 minutes, Senator Whish-Wilson.

Senator Whish-Wilson interjecting—

Ms Parry: That will be up to the minister.

CHAIR: I am rotating the call.

Senator WHISH-WILSON: Thanks.

CHAIR: Senator Duniam.

Senator DUNIAM: We'll stick on this for moment, just for a change of pace. I want to absolutely understand what you've been saying, Ms Parry. The TSSC process, which we will interrogate with the committee shortly—have mercy on them—could take up to a year. They've asked for that totally of their own volition. You talked about emerging science or new information coming through this process. From that, I want to understand, is it the case that that new information would be at the front end of the TSSC potential year-long period of work they're yet to embark upon through to October next year? Because you're talking about finalising your process in the coming months, but there might be new information coming through the TSSC efforts. To take Senator Whish-Wilson's point, that could be up to a year.

Ms Parry: Just to be really clear—

Senator DUNIAM: Please.

Ms Parry: we're not waiting on the TSSC's recommendation to the minister on the up-listing in order to make the recommendation decision to the minister.

Senator DUNIAM: I got that.

Ms Parry: We are interested in the information that has been put forward through the public consultation process, the 247 submissions that Ms Maguire discussed. We think there could be information in there that might be relevant to her reconsideration decision, such as, for example, the UTAS population and monitoring information. We want to make sure that the latest information is included as part of our advice to the minister. We're not waiting for the TSSC. We're taking that information, all on our own.

Senator DUNIAM: It's not pegged. The two processes are not pegged.

Ms Parry: The two processes are separate.

Senator DUNIAM: That's all I wanted to know. That's very helpful because—

Mr Fredericks: We have different timeframes.

Senator DUNIAM: Absolutely, very different timeframes.

Senator WHISH-WILSON: But you have read them, though. If you know that there's new information that's needed, you've obviously looked at them already—

Mr Edwards: Senator—

Senator WHISH-WILSON: but you still need another year.

Mr Edwards: I might be able to help you with that.

CHAIR: It's Senator Duniam's—are you happy to—

Senator DUNIAM: I'd love to keep going, if I could.

CHAIR: You want to do your own questions. Senator Whish-Wilson, you're going to have to wait until we come round again. You've had longer than everyone else already.

Senator DUNIAM: My word! Different timeframes, different processes—I've got all of that, but you've just confirmed exactly what I needed to know, which is that the two processes are in no way pegged.

Ms Parry: That's right.

Senator DUNIAM: If the minister came out tomorrow and said, 'I've got to wait for this process,' we've heard tonight that that is not at all a valid excuse. That is very helpful, thank you. Can we go back to the other matter now—sorry, team!—the Blayney mine, the McPhillamys mine. While that is happening, Minister, do you think, given the department is preparing the advice for the minister—

Ms Parry: Sorry, can you start again?

Senator DUNIAM: I was talking to the minister.

Ms Parry: I want to make sure I'm fully catching the question.

Senator DUNIAM: You have only missed my rhetorical flourish at the beginning. You missed nothing.

Ms Parry: These are important rhetorical flourishes.

Senator DUNIAM: My question was to the minister: given what we have heard in terms of the timeframe around the reconsideration that will go to Minister Plibersek after the department has concluded their work, do you expect a decision will be made before the election?

Senator McCarthy: Now, we are talking—

Senator DUNIAM: Salmon, Macquarie Harbour.

Senator McCarthy: Thank you; I just had to clarify, Senator Duniam. I can certainly take that question on notice and ask the minister.

Senator DUNIAM: Of course. I'm sure your Tasmanian Labor colleagues would be very keen to ensure a decision is made well before an election is fought, as would every other senator in that state.

Senator McCarthy: We have very good senators from Tasmania.

Senator CADELL: Very different outcomes!

Senator DUNIAM: Yes, perhaps! I'm cognisant of time. This question might elicit a long answer, so I beseech you to be as concise as possible. I want to understand what specific means the minister and the department went through to investigate the origins and evolution and authenticity of the blue-banded bee story narrative?

Ms Dumazel: Can I go to the two tests—

Senator DUNIAM: Yes, you may.

Ms Dumazel: for the Aboriginal and Torres Strait Islander Heritage Protection Act?

Senator DUNIAM: Sure.

Ms Dumazel: Of the first two tests, the first one is around significance, which needs to be in accordance with an Aboriginal tradition. In this case, that tradition is identified by WTOCWAC and individuals within WTOCWAC, who held the tradition of this story. We go through the process to look at the evidence provided of that significance.

Senator DUNIAM: What does the process of examining that evidence look like?

Ms Dumazel: The evidence was provided in the oral tradition. We look at the evidence around the tradition and we provide that information to the minister.

Senator DUNIAM: Can I interrogate that, sorry. When you say 'we look at the evidence provided for this oral tradition', who is 'we'?

Ms Dumazel: The department. Each time, as I was saying previously, information is provided. We then look at that information. We then send it out for procedural fairness to the proponent and to interested parties. We gather the information that comes back. If any new information is provided, then we send that back out.

Senator DUNIAM: You've got evidence provided by a witness or one of the parties you talked about there. At what point in this process—and maybe it is resident in the department— is there expert analysis of this evidence to satisfy ourselves this is indeed something that needs some attention?

Ms Parry: We would go back to our supposition that it's a body of evidence we look at. It's a body of evidence that demonstrates tradition and significance to traditional owners on that country. The minister's reasons document, from 6.34 through to 6.39, lays out the evidence that was provided. It goes through to look at the applicant's submission about the blue-banded bee dreaming and its connection to the headwaters and springs. It goes to the artwork and to the oral submission that we received from a number of elders within the community. We looked at that body of evidence as well; that's all laid out in the reasons document. We look at that as well as the other factors of significance that were gathered through the section 10 process and through the oral submissions. That goes to the initiation ceremonies, the gatherings and connections past. We look at that as a body of evidence.

Senator DUNIAM: Just in terms of the process in the department—and I appreciate the going through the procedural process element—what expertise is resident in the department around assessing this cultural heritage?

Ms Parry: We rely on a number of different things. We rely on the applicant. We rely on the section 10 report. We have staff who are very highly skilled in both cultural heritage and heritage matters in particular.

Senator DUNIAM: I guess that's the question I'm interested in.

Ms Parry: There are a variety of ways that we would look at that information.

Ms Dumazel: Can I say that the team considers the evidence and the information against the provisions of the act.

Senator DUNIAM: I understood that, yes.

Ms Dumazel: Our job is to actually go through with rigour to look at all the information that's provided and see whether it meets the test of ATSIHPA. The two tests, as I have said—and you will see quite clearly in the minister's statement of reasons—

Senator DUNIAM: Yes.

Ms Dumazel: The significance of the Belubula River, its headwaters and springs, starts at paragraph 6.24. We diligently go through, we look at the information and we consider that information against the two tests—which are significance in the Aboriginal tradition and if there is a threat. As Ms Parry was saying before, we then consider all the aspects. When you think about the original application, which had a number of proponents, for each of those proponents we diligently go through to ask: is it significant in the Aboriginal tradition, and is there a threat? You can quite clearly see in the minister's statement of reasons that it deliberately goes through significance and the information that's provided. If you look at paragraph 6.24, all the way through to 6.5—

Senator DUNIAM: Yes, I've read this in detail.

Ms Dumazel: When you look further along the document, the statement of reasons then goes through what the threat is.

Senator DUNIAM: Yes, I understand that. Thank you very much for that. I'll move onto my next question around this. On notice, if you could, tell me the relevant experience of the officers. You mentioned in-house experience—

Ms Parry: I would like to touch on that. We have a highly capable workforce in both cultural heritage and built heritage. We have a large division of heritage officers. We have Aboriginal and Torres Strait Islander staff with high degrees of, obviously, cultural competency within our staff as well. We have a workforce who understands these issues. We also have a workforce who—

Senator DUNIAM: I don't dispute that at all.

Ms Parry: understands how to apply the ATSIHPA Act as regulators. We combine those two skills within our heritage—

Senator DUNIAM: Yes, understood. Specifically, if I could—being short on time, as you'd appreciate, Ms Parry; I'd love to stay here all night, but I don't think others would—just on notice, for the officers who worked on this, I'd love to understand their expertise when it comes to assessing the evidence that was provided. Yes, you've got a job to do in assessing the tests under the act as regulators, but you have to combine that, as you said, with the cultural heritage expertise. I would very much appreciate understanding how individuals in the department—because some of this didn't go through the section 10 report. It came in later.

Ms Parry: Yes, it did.

Senator DUNIAM: I know it's all read together. Was there any professional advice from anthropologists, any specific anthropologists, that the minister, in part, based her final decision on? If so, who were they?

Ms Dumazel: There are 2,500 pages of evidence.

Senator DUNIAM: Yes.

Ms Dumazel: I'll take that on notice. The significance of the tradition—the evidence that was provided and what we put forward to the minister was the cultural authority of those people; they are their stories.

Senator DUNIAM: Yes, understood. I couldn't be an authority on it, and I'm not sure what your background is—

Ms Dumazel: What we look at is the evidence in terms of that tradition.

Senator DUNIAM: Yes, indeed. I understand that. As I said, I would've thought that there would be a degree of expertise. I'm sure, sadly, there are people in our community who will not come through with something authentic, and we need to stress test what they say—whatever the issue might be. So being able to assess that information is critically important.

Ms Parry: Can I add that we did assess the information. The applicant actually wanted a section 10 over the entire area of 2,500 hectares.

Senator DUNIAM: Yes, I'm aware of that.

Ms Parry: As part of the section 10 process, as part of our evidence gathering, the minister was not satisfied that it reached a level of significance—

Senator DUNIAM: Yes, that's all clear in here.

Ms Parry: Through the information, through various studies, through written evidence that was gathered, she wasn't satisfied that there were other areas under the initial section 10 application that did meet that threshold of significance. That's outlined in her statement of reasons. Again, I emphasise the rigour by which we look at these. Those did not meet the threshold of significance.

Senator DUNIAM: I'm not seeking to characterise one way or another; I'm seeking to understand the facts behind it, and the skills of those who made the—are you asking me to wind up?

CHAIR: Yes.

Senator DUNIAM: Sure. On notice, can I understand the professional anthropological input that was provided as part of the decision-making process and the individuals who provided that. Did, in the interregnum, we come across a date of when the minister received the final decision brief?

Ms Parry: We can take that on notice, and we'll come back to you.

Senator DUNIAM: You have. I just thought you might have gone into TRIM or CM—

Ms Parry: We might be able to get it during the break, but if not we'll take it on notice.

Senator DUNIAM: If you could, I'd appreciate that. I reckon that would be pretty straightforward. I look forward to seeing you all again in a minute!

Senator COX: Can I ask some questions around Aboriginal cultural heritage. I don't know if I have the right officials still at the table.

CHAIR: Go right ahead, Senator Cox.

Senator COX: Recently—and I've asked for some media articles to be tabled—there was an article in relation to the UN Committee on the Elimination of Racial Discrimination, which wrote to Australia's representatives in Geneva in late April this year and found that the Western Australian and Australian governments have failed to seek free, prior and informed consent from Indigenous peoples in relation to the changes to Indigenous cultural heritage legislation, and that they failed to adequately protect Indigenous cultural heritage and potentially breached the International Convention on the Elimination of All Forms of Racial Discrimination. This committee used very strong language, including 'insisting' that all work that is negatively impacting on Indigenous cultural heritage 'cease and desist' and that mining and development under section 18 of the Western Australian Aboriginal Cultural Heritage Act since November 2023 also be revoked. It's also written to the federal government. My question to the officials and also to the minister is: is the government aware of these recent reports that date back to 28 May? Have they responded to some of the findings within that letter?

Dr Beswick: I'm not aware of this correspondence. This might be a matter that the Attorney-General's Department might be more across, given their responsibilities for these kinds of matters in relation to international conventions under the United Nations.

Senator COX: It relates directly to cultural heritage. Respectfully, I will ask the Attorney-General later on in estimates this week. I'll also ask the department that he referred this to, the National Indigenous Australians Agency and Minister McCarthy.

CERD also indicates that the Australian government should seek advice from the UN Expert Mechanism on the Rights of Indigenous Peoples to ensure compliance with international human rights. This all relates to First Nations cultural heritage. We've had recent examples from the Belubula River, which Senator Duniam talks about; Gunlom Falls; 100 sites in the Pilbara region—all these circle around the legislation. Senator Duniam just asked the question: when will this actually be drafted and when will it be delivered? This is an election promise of the Albanese government from 2022. Why are we still waiting for the drafting of this legislation? We've done three years of consultation, and every Senate estimates I turn up here and ask the same question. Why are we still waiting?

Ms Parry: Can I ask Dr Beswick to go through, in some detail, exactly where we're at with the cultural heritage reforms and the progress that we've made since we last met in estimates.

Dr Beswick: Yes—

Senator COX: Respectfully, if it's the same answer that I heard 10 minutes ago, that you gave Senator Duniam, no. I would like to know, respectfully, when we are actually going to see the legislation you've been talking about since I've been here in the Senate that you are going to deliver, and also the implementation it relates to—which is the *A way forward* report from the Northern Australia committee. This is constant, that we see mining companies and proponents who are writing legislation and delivering it to ministers for them to draft, and we're still waiting for that. We had 1972 legislation wound back in the Voice referendum last year. Why is

this government standing on the hose and watching, in real time, cultural heritage being destroyed all over Australia?

First Nations people's identity is linked to this and they're now telling you that you must remediate this, you must change this. We cannot wait any longer. This government must deliver on their legislation. Unless the answer's different, respectfully, I want to hear the timeline of when the delivery's going to happen.

Ms Parry: We're trying to give you that update. The government, absolutely, remains committed to delivering cultural heritage reform. It has not walked back on that in the slightest. In fact, it has doubled its efforts. Recognising, again, some of the issues that were highlighted around the recent ATSIHPA decision, what we are trying to do is reform an act that would then apply across every state and territory. We need to make sure that we have highlighted the issues, from every state and territory, from a variety of sectors—from the mining sectors to the farming communities—as well as the variety of different traditional owner groups that the cultural heritage protection alliance represents as well as proper consultation.

When we don't get it right, when we don't do that consultation, when we don't do proper implementation, we see cultural heritage laws fail, like we did in WA. So I would really appreciate it if you would let Mr Beswick walk through exactly where we are at, in the process, because we have made significant gains in advancing cultural heritage reform. But it is a process.

Senator COX: I have heard your answers already. I am short on time and have been sitting here for two hours waiting to get the call. I did hear the answer that you gave Senator Duniam, and I'm not going to sit here and listen to the regurgitating of that. Respectfully, I've wanted a timeline, because this is so urgent. I've heard about the consultation. I've heard about the stakeholders. I've heard about all the proponents and the 50 agencies that you're talking to and still trying to find out the issues. We can give you the issues.

This letter, in April, absolutely delivers to you the free, prior and informed consent, and the minister that's sitting beside you knows that. The UN Declaration and Rights of Indigenous Peoples should have enshrined this in domestic law. We know this already, in order to protect our sacred places, and we still continue to see nothing happen from this government.

Can I move on to the tailings issues and the relationship of that with pollutants and hazardous substances. The only documentation that I can currently find relates to the work that's within the Department of Industry, Science and Resources. Is there an environmental assessment that happens in relation to tailings dams?

Ms Parry: Sorry, I'm not sure I'm fully understanding your question. Do you have a specific tailings dam in mind that you're referring to?

Senator COX: No, I'm referring to all of them.

Ms Parry: We assess projects that proponents refer if a project has a significant impact on a matter of national environmental significance. We could definitely regulate around tailings dams but that tailings dam would have to have a significant impact on a matter in which we regulate. It's difficult to answer your question without knowing the specific tailings dam that you have in mind.

Senator COX: We had a recent case in relation to the disaster that we saw happen with the Mariana dam in Brazil. They came and visited us, in particular, to talk about potential weather events that will have significant impacts on regional remote communities and the issues of tailings dams within the close proximity of some of those communities.

My issue is, if the government's focus is clearly on critical minerals and the way in which the government is moving, it increases the existing risk of having tailings dams and the management of those to the environment, particularly in relation to water sources and other issues. Is there an environmental assessment? We currently have a framework that's been there since 2016. Is the government going to update that and move with the times so that we can do an assessment not just on a case-by-case basis but as an approach that looks at the environmental risks?

Ms Parry: I'm unclear which 2016 framework you're referring to, but I would go back to the principles of the EPBC Act and the regulation that we administer. First and foremost, any proponent who is looking to build a tailings dam has to pass both state and territory legislation, as well as refer to the Commonwealth under the EPBC Act, if that tailings dam would have a significance impact on a matter of national environmental significance. That's what we regulate. So it's a bit difficult to answer your question other than the generality of saying that's what the EPBC Act is here to do. We actively do that for proponents who refer when their matter has a significant impact.

Senator COX: To clarify, currently the 2016 regulatory framework is a regulatory risk-management framework that's for industry that sits within DISR. My question is: what is DCCEEW's involvement in relation to that assessment, and you have answered that nicely. My other issue is: what is the role of either the supervising scientist or others in ensuring that it's not up to industry to regulate themselves? This is now moving to a space where we have publicly available information around the risks.

We are seeing lots of risks in relation to tailings dams and the questions that Senator Duniam comes up with around the non-approvals that we're currently debating in the Senate. These are all issues that affect communities, and the communities have asked me to ask these questions, because they know the risks that are being created in relation to tailings dams. What is the government doing to assess that environmental risk and to make sure that our water security is there, that we are not taking that for granted and that we have a very good, wholesome policy approach that's also regulated?

Ms Parry: I'm going to refer to Mr Edwards, who's the head of our regulatory division.

Mr Edwards: It is a really important issue. Safety and impacts to the environment and people are things that all governments lean into. As Ms Parry mentioned, we're very much concerned around the impacts to matters of national environmental significance, but the added comfort in the answer that you'd be looking for is who regulates the day-to-day management of safety of mine sites? That's predominantly the domain of state and territory governments. Most states and territories have quite rigorous and well-established mining safety requirements. Those matters would be regulated and monitored at that state level.

Senator COX: I'd probably argue that, especially when you can't drink the water when you're in Tom Price or Paraburdoo and your water gets shipped in on a water cart. I'm sure some of our regional communities, particularly here in Western Australia, would argue that it's not being properly regulated. But thank you for your answer. Thank you, Chair.

CHAIR: We will go to Senator Hanson-Young.

Senator HANSON-YOUNG: No, to Peter Whish-Wilson.

Senator WHISH-WILSON: I put in an order for the production of documents recently for Robbins Island. I think 26 documents were withheld due to being deliberative in nature, relating specifically to ACEN's offsetting strategy for devil habitat on Robbins Island. Could I get a quick response: has ACEN now, as reported in the *Australian*, recently provided details around their offset plan for Tasmanian devil habitat?

Mr Edwards: That's correct. ACEN has provided us with information in August around the offset management strategy for devils. That's one of the things we've received, and we've accepted what they've provided. It's not saying we've judged on the overall acceptability, but their plan met the requirements that we asked for. We're currently in the stage with that project where we're considering all the information we've got and whether there are any ongoing gaps that we need to make to draw that to a decision.

Senator WHISH-WILSON: On those gaps, they've mentioned in the same article that facial tumour disease may well be on the island. Has the department been able to investigate whether that's the case? It has obviously now been recorded in the area of Woolnorth, surrounding the island. Are you aware of their statement, or the fact that the island may no longer be the last bastion in Tasmania for wild devils that are free of facial tumour disease?

Mr Edwards: I don't think we do have that information. What they've provided, again, is their strategy on offsets around the devil. That's one of the things, for example, that we're working very closely with the Tasmanian government on, making sure we've got the latest information around all species, not just the devil, and the multiple impacts that that development may touch on.

Senator WHISH-WILSON: Are you able to tell me whether their offset strategy that you're assessing involves providing habitat beyond Robbins Island? Is it possible that they could provide offsets using another animal, for example?

Mr Edwards: I can't talk to that strategy; again, that's part of the deliberative process. A delegate has not reviewed and ruled on the acceptability or otherwise of that overall strategy.

Senator WHISH-WILSON: Did you want to add something?

Mr Edwards: No, sorry.

Senator WHISH-WILSON: No? Alright. Is it possible to provide habitat for a facial-tumour-free population somewhere else in Tasmania, if the rest of the state has the disease and that island doesn't? How do you assess that?

Mr Edwards: I don't think I could talk to the detail, because it's highly dependent on what we're offsetting or dealing with. But you can have both direct and indirect offsets. Certainly, we've had cases in the past where

people have made contributions to the investment in science and research around managing and containing diseases such as the tumour disease. That could be an aspect, and the other would be a spatial, more traditional offset. But, again, I haven't seen detail, and the delegate hasn't turned their mind to exactly what's being proposed in that plan. But it has met our requirements, in that we've asked for a comprehensive plan and have received one.

Senator WHISH-WILSON: Once you've made a decision, will all that information on the offsets provided by the company be made public?

Mr Edwards: We'd imagine that we would talk to that in our statement of reasons, which, for this project, I think we would expect to produce.

Senator WHISH-WILSON: You 'expect to produce'—as in, make public?

Mr Edwards: As in, people request statements of reasons frequently for controversial projects, and in those documents we give a detailed explanation about the different matters that were considered by the delegate.

Senator WHISH-WILSON: Okay. But, just to be clear, you can't confirm with me tonight whether the department's aware of whether the island is actually the last bastion of facial-tumour-free Tasmanian devil populations on the planet?

Mr Edwards: No, I'm sorry. I can't confirm that.

Senator WHISH-WILSON: You can't confirm that?

Mr Edwards: No, I can't.

Senator WHISH-WILSON: Isn't that something you should be able to confirm?

Mr Knudson: Senator, my information is a bit dated on this, but I think it's relevant. There was a previous approval a few years ago, where the offset consisted of an insurance population in, I think, Melbourne, exactly for the purpose of dealing with the fact that the habitat loss wasn't the major issue; it was facial tumour disease. And therefore that was accepted as an appropriate offset. I would just flag that—

Senator WHISH-WILSON: So something in a zoo could be an offset for the last wild population?

Mr Knudson: Absolutely. A relevant conservation measure could be an insurance population wherever that is safe to do. I'm just highlighting that that has been done in the past.

Senator WHISH-WILSON: Right. That could be something for us to keep an eye out for.

Mr Knudson: Mr Edwards has laid out that they're not at that point. I was providing that historical context.

Senator WHISH-WILSON: That raises some very interesting ethical questions, if that is the case. We'll wait and see. Quickly, with my remaining time, I'll jump to—

CHAIR: We're going to go to a break in a few moments.

Senator WHISH-WILSON: grey nurse sharks, which I'll get through very quickly. Grey nurse sharks, as you're aware, are critically endangered. The New South Wales shark control program caught 14 critically endangered grey nurse sharks in 2023-24. Obviously, they're highly susceptible to harm from shark nets. Is the department concerned that the continuation-of-use exemption in section 43B of the EPBC Act is seriously undermining the recovery of this critically endangered east coast population of grey nurse sharks? Has that been assessed?

Mr Edwards: I don't believe we've revisited the shark program for some time, but the longstanding approach to governance has been to prioritise human safety. The work we've done with states and territories has been around trying to reduce, to the degree possible, the impact on protected matters, as part of those programs.

Senator WHISH-WILSON: That's true, and this is obviously something that I've lived and breathed for many, many years. But this species has been federally listed under the EPBC Act as critically endangered. Are you saying to me that you don't assess these things because of the public safety aspect of shark nets?

Mr Edwards: No, as you mentioned, those are ongoing actions under the act. In fact, they're not referred to us; they're continuing use provisions that you cited. But we do have an active interest in working with states and territories around even existing activities and ensuring they are as minimally invasive as possible.

Senator WHISH-WILSON: In terms of actions, there's currently no approved conservation advice for the grey nurse shark. Is any advice being developed, and will it include the threat of shark nets?

Mr Edwards: I will have to ask our species people to speak to that.

Ms Jago: I'm afraid I don't have that information right in front of me tonight.

Senator WHISH-WILSON: Could you take on notice if there is any conservation advice being developed for grey nurse sharks, and whether it will include the dangers of shark nets? We're talking about 14 recorded killed in

New South Wales just last year that we know of. Something else I'd be keen to know more about is whether it is the intention to update the 2014 recovery plan for the grey nurse shark?

Ms Jago: Okay. I'm happy to take that on notice.

Senator WHISH-WILSON: In relation to continued use exemption, I read on DCCEEW's website, in the 2022-32 Threatened Species Action Plan, the grey nurse shark is listed as a priority species. Under 'Priority actions' for the grey nurse shark, it says:

In swimmer protection programs, reduce beach meshing and traditional drumlines and use alternate methods that have lower mortality for non-target species. These might include drone surveillance of beaches for large sharks or SMART drumlines …

And so on and so forth. Doesn't the continued use exemption in 43(b) of the EPBC Act contradict that statement?

Mr Edwards: Those provisions are the provisions, so they remain in place. While there are policy objectives that the government would like to see, those provisions do mean that those actions are essentially exempt from the act.

Senator WHISH-WILSON: Did you say 'healthy objectives'?

Mr Edwards: No, 'policy objectives'.

Senator WHISH-WILSON: Oh, 'policy objectives'. Sorry.

Mr Edwards: Healthy as well, but policy objectives.

Senator WHISH-WILSON: Okay.

CHAIR: Thank you. We will now go to a break and will return at 9.45 with the same outcome.

Proceedings suspended from 21:32 to 21:47

CHAIR: For the purpose of *Hansard*, we are back with programs 2.1, 2.2 and 2.3. Ms Parry, you had a point of clarification?

Ms Parry: Senator Duniam, I have the information that you requested. The department briefed Minister Plibersek on 19 April 2024 on McPhillamys and her decision under section 10. She signed that brief on 30 May 2024, requesting that the department obtain further information on McPhillamys goldmine and resubmit the brief. We resubmitted the brief on 23 July 2024, and the minister signed that brief and then made the declaration on 13 August.

Senator DUNIAM: 13 August 2024?

Ms Parry: That was when the declaration was made.

Senator DUNIAM: That brief you said was sent up on 23 July—what date was it signed?

Ms Parry: I'm looking to see when that one was signed. I'm not sure we have that. I will look to my team. It will have been signed, and then the declaration was made on the 13th.

Senator DUNIAM: Somewhere—that's fine.

Senator WHISH-WILSON: I would like to get an update from the last estimates. I asked about this committee's inquiry into marine invasive species, and I think Ms Maguire said that DCCEEW was working with DAFF to pull together a response to give to government. I want to check if you are still working with DAFF to develop a draft response or if anything has been provided to government.

Ms Maguire: Yes, I'm afraid we are still working with DAFF and FRDC to prepare the response to the inquiry.

Senator WHISH-WILSON: Has it progressed since last estimates?

Ms Jago: Yes.

Ms Maguire: Yes, it has. It's still not finalised.

Senator WHISH-WILSON: I'm happy with that. I'll put my other questions on that topic on notice. This is probably an academic question, but obviously quite relevant: is it possible to list something like a marine invasive species that's native to New South Wales as a threatening process under EPBC law?

Ms Maguire: Yes, it is. I think we presented that information to the hearing.

Senator WHISH-WILSON: In Sydney that day, yes. So it is possible to list it?

Ms Maguire: Yes, it is.

Senator WHISH-WILSON: But someone has to nominate it. Is that correct?

Ms Maguire: Yes.

Dr Fraser: There are already native species listed as key threatening processes under the EPBC Act—terrestrial native species. The noisy miner, is an example—the bird that impacts other birds.

Senator WHISH-WILSON: I've got a couple of quick questions on waste and recycling. I'll put most of my questions on notice, Chair. I want to ask a question about the minister's priority list under the RAWR Act. Could you give us an update on the priority list, on its status? Has there been any process to update the list since we last spoke?

Ms Lynch: The current product stewardship priority list is the list for 2023-24. I can go through the details of that for you, if you like.

Senator WHISH-WILSON: I don't have a lot of time.

Ms Lynch: The information on that is available online. It's been previously announced.

Senator WHISH-WILSON: Are there any new additions to it?

Ms Lynch: No. The minister has requested that the department commence the five-yearly statutory review of the Recycling and Waste Reduction Act. She has indicated that while that review of the legislation is being conducted over the next few months she will not make any changes to the priority list in this current financial year.

Senator WHISH-WILSON: Is that why normally you update it in June and make an announcement in November, but that won't be happening this time around because of that?

Ms Lynch: That's right—not until the outcomes of that statutory review are finalised.

Senator WHISH-WILSON: Can you explain to me why the statutory review would cut across keeping us updated on the priority list?

Ms Lynch: We are aware of a number of concerns that have been raised by industry about the effectiveness of product stewardship schemes generally, including a number of the voluntary product stewardship schemes. So the minister has asked that we basically take those concerns into consideration in this statutory review of the legislation.

Senator WHISH-WILSON: What's that got to do with the priority list? Isn't that supposed to be the naughty list?

Ms Lynch: The priority list will stand. It's not going away. It's simply that, rather than reviewing and undertaking another separate consultation process in parallel to add more things to the priority list, the review of the legislation will basically look at whether the provisions of the RAWR Act are supporting effective and efficient outcomes in terms of product stewardship. Depending on the outcomes of that review, it may, in fact, indicate that changes are required. That would potentially change the way that the product stewardship priority list is developed in the future.

Senator WHISH-WILSON: Could you remind me of when that statutory review is due?

Ms Lynch: It's a provision within the existing Recycling and Waste Reduction Act that requires it to have commenced within five years. The legislation took effect in December 2020.

Senator WHISH-WILSON: The end of 2025 then.

Ms Lynch: Yes, technically it needs to have commenced by then. It's commencing now because of the number of concerns that have been raised with the minister.

Senator WHISH-WILSON: Considering that this could go to the end of next year, is it going to be used as—I won't use the word 'excuse'—a blocker for any other kind of action, like starting up new product stewardship schemes?

Ms Lynch: That's not the intention. It's a statutory review that we have been asked to conduct and complete within six months, so we'd be providing advice back to the minister early in 2025. At this stage, as you're aware, there are a range of other activities underway on product stewardship, including the development of a regulatory scheme for packaging and a regulatory scheme for solar PV panels. So, no, there's—

Senator WHISH-WILSON: Obviously, we've an inquiry into that, so I won't go into that too much now, but I am concerned that, if you're having a broader review of the act, these things may not happen until you finish that review, and that may not happen till mid- to late next year, which is after an election as well, coincidently.

Ms Lynch: We could certainly provide some information for you about the terms of reference for the statutory review.

Senator WHISH-WILSON: Yes, I'd be very interested to know about that. My last questions on waste relate to the disallowance, which I'm sure you are familiar with, that is before the Senate—the Recycling and Waste Reduction (Fees) Amendment (Export of Regulated Waste Material Fees and Other Measures) Rules 2024. The inquiry in a committee that I'm chairing has heard very consistent evidence from stakeholders across the spectrum of the resource recovery sector regarding the impacts of these rules and the unintended consequences that they may solicit. Has the department met with these stakeholders to work through their concerns in recent times?

Ms Lynch: Yes, the decision that was taken on the design of the waste export cost recovery process involved an extensive consultation with industry over a period of time, which my colleague might run through in a bit more detail for you. We are aware of the concerns and the correspondence that you've provided to Minister Plibersek about this issue. In short, the government's decision around cost recovery was, in fact, in response to those concerns from industry. This waste export licensing scheme had always been intended to be fully cost recovered. That was how it was originally conceived and designed, but, in light of those industry concerns and concerns about limited market development at this stage in Australia, the government made a decision in the budget context earlier this year to not impose full cost recovery. So they did not impose a levy, and—

Senator WHISH-WILSON: Sorry, I'm running out of time. I'm particularly interested in the variations. That's something I am very concerned about. An export licence attracts a fee of $19,090. A variation attracts a fee of $13,540. Could you take on notice how you came to determine those exact costs? Why is a variation charge almost 70 per cent of the cost of a new licence, and what do those costs cover? I won't ask you to do that now, because then we'd probably be here for a while. I'd be particularly keen, if you can take that on notice. Also, will you meet with the industry to discuss their concerns around the delays for processing variations? They're basically saying it's completely unworkable for them. They won't be able to export their commodities, not waste but their commodities—their resources—with these variations in place the way they are now.

Mr McNee: We will take on notice the detail around the costs. We've actually been very active, reaching out to industry to explain how they apply and communicating that. There's quite a bit of new information on our website for that, and we're very open to talking to them. In fact, we have a hotline for people who are concerned about those types the things.

Senator WHISH-WILSON: They claim that you haven't been in discussions with them about these variations.

Mr McNee: I think the issue is we're not in discussion about the imposition of cost recovery. We're certainly communicating with them—

Senator WHISH-WILSON: That's a decision of government.

Mr McNee: the implementation of it, because we recognise the operational needs.

Senator WHISH-WILSON: Including the delays?

Mr McNee: It really depends on the nature of the variation being sought. In fact, straightforward variations don't cost anything and actually are done very quickly. If the variation triggers assessment, then we are required to go back with them, and often it's the time that applicants take to respond to us that, in fact, sets the timeframe.

Senator WHISH-WILSON: Once again, we probably don't have a lot of time now, but who decides what triggers that assessment? You're saying to us that if they simply change a customer, for example—

Mr McNee: That is not correct.

Senator WHISH-WILSON: That's not correct?

Mr McNee: Maybe, just because of the time, I can set this out. The basic things, like changing trading names, business addresses, importers, the actual business structure, who's in control of business, all don't cost. We will do those as virtually immediate variations, but, where it requires a change—for example, in the standard of the product that's being exported—or where there are particular issues that require assessment, that's when it gets into a discussion with them about the information that will be required.

Senator WHISH-WILSON: When they apply for the licence in the first place, that's when you check?

Mr McNee: Yes.

Senator WHISH-WILSON: You check the standard, but if they then come back to you and say they want to alter that—

Mr McNee: Once they come back and say actually they now want to export a different product to a different standard, then that requires a further assessment.

Senator WHISH-WILSON: That's the only variation that will require a delay?

Mr McNee: There are probably a few different ones: changes to specifications, the kinds of waste materials that might be covered and if a licence is changing countries, except in particular circumstances. But we can set this it out for you in a response.

Senator CADELL: If you're going to take that list on notice and table it—this is up for a vote next sitting, in a fortnight's time—how long will that take?

Mr McNee: We can certainly try and get information to you more quickly, Senator.

Senator CADELL: Thank you.

Senator WHISH-WILSON: That's it from me.

CHAIR: Senator Duniam.

Senator DUNIAM: We'll go back to Blayney for one last round. Why not? In my final session with my friends here, I'll ask: on what date did we start drafting the statement of reasons?

Ms Dumazel: The reasons document?

Senator DUNIAM: This one—yes.

Ms Parry: What date did we start drafting them? We might have to take that question on notice.

Senator DUNIAM: Sure. On what date was it sent to the minister for signature? I think it was signed on 11 October?

Ms Parry: That's right.

Senator DUNIAM: And released around that time.

Ms Parry: It was signed 11 October. But we can get both the drafting date and the final date to you on this.

Senator DUNIAM: That would be great. You provided a range of dates before around the initial advice and then a request for further information et cetera. In general terms, is it the case that these sorts of documents are drafted iteratively? So there would be a couple of versions that are formulated, given it's a complex document, along the way.

Ms Parry: I was going to make that point. It is a complex document, and I should also note that it's not a requirement under ATSIHPA to issue a reasons statement. The minister did release her declaration, as well as the explanatory statement. The minister chose to make a statement about the making of the declaration under section 10. It's not required under ATSIHPA, it's not required within a timeframe, it's not required to be done in a particular way and it's not mandated in the same way the EPBC Act does. It's done quite differently, so there are no rules governing that statement document.

Senator DUNIAM: Okay. I have one last question on this, perhaps for the minister. Minister, I don't know whether you're aware of the recent comments of the Orange Local Aboriginal Land Council CEO, Annette Steele, around the decision and the contested Indigenous heritage claims by a group other than the Aboriginal land council which she has said empowered 'any Tom, Dick and Harry' to become an Indigenous elder. These are comments that go to some of the claims that were made by Roy Ah-See as well, who has been quite outspoken on this and other issues. What's your view on this in terms of the issues that this decision has given rise to about recognition of who has authority to speak on behalf of country?

Senator McCarthy: I've read that article as well, Senator Duniam. I certainly heard, when speaking and listening to the Orange land council earlier last month, their concerns around their internal processes. I heard from a number of members who are employed there about their passion for cultural heritage and the protection of sites. And I certainly heard the deep pain, if you like, of such angst that's occurring within that community and amongst one another. They don't want to fight one another. People do want to work together and find a way forward. In listening to the department this evening, but also in asking my own questions, I am certainly aware that there have been opportunities for the land council to be able to provide that information to the minister, and I certainly had the opportunity to listen directly to them.

Senator DUNIAM: Have you conveyed to the minister your views on what a new piece—are you consulted on the new legislation that the government is working on with regard to Aboriginal cultural heritage?

Senator McCarthy: I certainly make a point, Senator Duniam, of understanding as best I can the many differences in the pieces of legislation surrounding cultural heritage and sacred sites, whether that's in the Northern Territory, New South Wales, Western Australia or Tasmania. This is the area that I am trying to get myself across now that I have the role of Minister for Indigenous Australians—for all Indigenous Australians. I do see the real concerns of different groups and mobs. I met with the Metropolitan Local Aboriginal Land

Council, who raised that very fact as well. These are things that I certainly take on board, and I do want to have a say in terms of what we do moving forward on the protection of cultural heritage.

Senator DUNIAM: Have you been invited to provide your input as the minister for Indigenous affairs? Maybe you could take that on notice.

Senator McCarthy: I don't think 'invited' is really the word—

Senator DUNIAM: Has your input been requested?

Senator McCarthy: I think, being part of cabinet, I obviously have an opportunity to speak, and I do so. I not only have the greatest respect for my colleagues around the cabinet table—just as they do for me, in terms of the knowledge that I bring from my own lived experience as a First Nations woman—but also the sense that we have very diverse First Nations groups across the country. I do my best to try to work with all of them, and also with non-Indigenous groups, knowing that these are complex issues but we can find a way through them without having to tear each other down.

Senator DUNIAM: Thank you, Minister. I would like to duck back to salmon quickly. Thank you, we're done on the goldmine for today. I want to briefly ask about the timing of the decision, specifically in reference to section 78C, which governs the reconsideration process and notice of outcome. Section 78C, subsection (1), says:

As soon as practicable after the end of the time within which information or comments may be given under section 78B in relation to a request under section 78A to reconsider a decision about an action, the Minister must—

—reconsider the decision and either confirm or revoke the decision. Is there a legal definition around what 'as soon as practicable' is?

Mr Edwards: No. With any decision we work to make sure we have all the right material and have done the necessary legal review. It's thorough, it's robust and we reach a point of satisfaction for writing something to the delegate or the minister.

Senator DUNIAM: When did the period of time end within which information or comments could be given under section 78B?

Mr Edwards: Again, I don't think there's a specific time period there. We held an initial consultation period.

Senator DUNIAM: Yes.

Mr Edwards: But it's open to the minister to continue to consider any relevant information. That's what her expectation would be of us, and that's what we're doing at the moment.

Senator DUNIAM: This act says:

… after the end of the time within which information or comments may be given under section 78B—

which, to me, implies that there is a period of time—the public comment period. But there are no time lines around this?

Mr Edwards: Again, it's 'as soon as practicable'. We have looked at this. It is, again, open to the minister to look more broadly at any relevant information, and that's what we're doing.

Senator DUNIAM: Okay. I would love to ask the minister, but I won't. I think that would be another notice. Let's go to some questions I asked right at the beginning of the day and was told to come back here to ask them. Those questions related to the Nature Positive Summit. I'll keep these pretty quick. What was the total final cost of the federal government's spend on the Global Nature Positive Summit?

Mr Bennie: The total commitment for the summit was $2.86 million.

Senator DUNIAM: So that was every dollar spent by the Commonwealth on hosting that. Do we have any insight into any cost borne by any other jurisdiction—like New South Wales?

Mr Bennie: New South Wales committed up to $2 million. But I don't have a breakdown on those figures.

Senator DUNIAM: That's okay. Do we have an itemised list of the individual costs borne by the department? Were all costs borne by this department or was it spread across perhaps Foreign Affairs or—

Mr Bennie: No; across this department.

Senator DUNIAM: On notice, are you able to provide to me an itemised list of those costs?

Mr Bennie: Yes, or we can provide a short overview now if you prefer.

Senator DUNIAM: Sure; why not?

Mr Bennie: I will pass to my colleague Ms Higgins.

Ms Higgins: As per Mr Bennie's comment, we committed $2.86 million for the summit over three financial years. Some of those costs are still being reconciled. We expect the total cost will come in slightly under that amount. We'll have that information available. We will provide you with more detailed costs on notice, but I can tell you that operational and delivery costs were about $1.95 million and additional costs around participation and engagement, including travel and accommodation assistance for, say, Pacific island ministers, was about $886,000.

Senator DUNIAM: For the two ministers that attended?

Ms Higgins: No; for Pacific island ministers. We provided assistance for Pacific island ministers.

Senator DUNIAM: How many attended?

Ms Higgins: There was representation from 13 Pacific island countries.

Senator DUNIAM: Okay; so there are representatives in addition to the two ministers that attended?

Ms Higgins: There were 13 ministers that attended.

Senator DUNIAM: Thirteen ministers? I read two.

Ms O'Connell: There were 13 from Pacific islands nations at the summit.

Senator DUNIAM: So 13 elected representatives from Pacific islands nations attended. Can we have a list of attendees on notice as well, please? There was reporting that there were only two that came. But that, clearly, was inaccurate. So I look forward to seeing the full list of elected representatives.

Ms Higgins: There were eight ministers, two assistant ministers, one administrator, a special envoy from Vanuatu, and in total there were 13 of those representations.

Senator DUNIAM: Thank you. There was the use of some artwork for the event, and a contract was entered into for the artwork Birrang. I am sure that I have mispronounced it. Birrang is a Wiradjuri word meaning journey to another place. So there was a contract in place, I gather?

Ms Higgins: We commissioned two Indigenous artists—the same artists that were commissioned for the department artwork as well.

Senator DUNIAM: What was the value of the contract for commissioning these two artists?

Ms Higgins: It was a total of $12,000 for the artwork, and there were additional costs associated with licensing—$2,400. So $14,400 is what has been paid to date.

Senator DUNIAM: Just for the event?

Ms Higgins: Yes.

Senator DUNIAM: Is the contract time limited or is it in perpetuity?

Ms Higgins: There is a time around the licensing. At the moment, we do have the licensing agreement for $2,400, which extends for 12 months.

Senator DUNIAM: So it can be used by agreement for that period of time?

Ms Higgins: For things that are related to the summit.

Senator DUNIAM: Was the Global Nature Positive Summit Branch a branch within the department?

Ms Higgins: Yes.

Senator DUNIAM: Is it still there?

Ms Higgins: We are at the moment redeploying resources.

Senator DUNIAM: When was it set up?

Ms Higgins: It was set up after the minister announced the intention to have the summit—in 2022.

Senator DUNIAM: So it was commenced being established in 2022.

Ms Higgins: It is a very small group.

Senator DUNIAM: Indeed. Could you provide on notice the date on which that was commenced?

Ms Higgins: Yes.

Senator DUNIAM: What was the full number of staff at peak in the branch?

Ms Higgins: There were 24 staff members in the operational branch. That was reported in midyear. On 1 October, which was a week before the summit was delivered, there were 70 people in the branch, and then we had more DCCEEW operational people on the ground over a couple of days—a total of 110—to help deliver the summit.

Senator DUNIAM: A surge workforce. On notice, could I have a quarterly from commencement?

Ms Higgins: Yes.

Senator DUNIAM: So you're in wind-down phase now that the summit has passed?

Ms Higgins: There is still lots to do.

Senator DUNIAM: It never ends, does it? And now you have all these questions on notice to answer. We'll keep you in work for years to come. Obviously in outlining the staff make-up, I would be interested in the APS levels if we could get them—standard stuff.

Ms Higgins: Yes.

Senator DUNIAM: You've talked about support for Pacific island nation ministers or representatives. Was that sort of support extended anywhere else in the world?

Ms Higgins: We also extended support for First Nations representatives to attend the summit.

Senator DUNIAM: On notice, could we have a list of invitations that were issued? I presume this is how it works—we write to people and say, 'Would you like to come?' and there is some form. Could I have a list of those who were invited and a final list of attendees, as per the question around the ministerial representation?

Ms Higgins: Yes.

CHAIR: Are you almost done, Senator Duniam?

Senator DUNIAM: I am. I am just making up for all that lost time earlier on. I have one more bracket after this as well.

CHAIR: I will just interrupt them and let GBRMPA know that they will be spilled over to next week. We will find a date and a time to bring you back. Senator Duniam, I would just ask you to do your best to wrap up.

Senator DUNIAM: I am doing my level best, along with all of these other participants in the great democratic process that we are a part of tonight.

CHAIR: Just to be really clear, if anyone wants to argue with me about time—because a lot of people do—I do keep a record of exactly how much time every single one of you has. So feel free.

Senator DUNIAM: Bless you, Chair. In terms of final outcomes of the summit, was a communique created? If so, can we get a copy of that?

Ms Higgins: Yes.

Senator DUNIAM: Perhaps on notice—just to really speed things up—are there any new obligations, including financial commitments, that arise out of the summit?

Ms Higgins: There were no obligations that arose out of the summit. I think there was lots of opportunity to emphasise greater partnerships and ways of working together to collaborate. There is a highlight of the summit outcomes available on the DCCEEW website at the moment.

Senator DUNIAM: Thank you for that valiant and speedy effort. I have a couple of last questions, Chair, as we go to 10.30 pm.

CHAIR: We do not have to go to 10.30, Senator Duniam. We are trying to get to the Threatened Species Scientific Committee.

Senator DUNIAM: I want to get there too. So I won't be long. I have a question about the Nature Repair Market—and I refer to page 59 of budget paper No. 2 of 2024-25. It stated:

> The Government will consider further funding for the Nature Repair Market when further information is available on the scale, complexity and demand for the Nature Repair Market.

I am wondering whether we have been able to establish the scale, complexity and further need for funding. Is there any further information on that?

Ms O'Connell: Any further need for funding would be a matter for government consideration.

Senator DUNIAM: Minister, has there been any establishment of scope, need, depth or—

Senator McCarthy: I will take that question on notice for you.

Senator DUNIAM: Excellent. I think that will do me. You've have worn me down, Minister.

CHAIR: I would now be delighted to release the department in outcomes 2.1, 2.2 and 2.3.

Ms Parry: Chair, can I add just one thing?

CHAIR: Yes, Ms Parry. Please go ahead.

Ms Parry: I'd like to recognise a colleague, Mr James Barker, who is retiring at the end of this year. Mr Barker has served this committee for over a decade and has appeared, we think, about 25 times. We just wanted to put that on the record and thank him.

CHAIR: I thank you, kindly, for your service. No-one had advised us that you were leaving. Best of luck, and thank you so much for everything you've done and for your contributions to this committee.

Mr Barker: Thank you.

CHAIR: I would now like to call officers from the Threatened Species Scientific Committee by video conference. I will again say to GBRMPA, if you're out there, you have been released for the evening, to be brought back next week, online.

Welcome, Professor Gordon. You are the chair. Do you wish to make an opening statement?

Prof. Gordon: Yes, I wish to make an opening statement. Thank you very much indeed for having me this evening. Firstly, I would like to acknowledge the traditional owners of the lands on which we're meeting today, on the lands of the Wulgurukaba and Bindal people here in Townsville. I pay my respects to their elders past, present and emerging.

I would like to congratulate Emeritus Professor Helene Marsh—I've heard her named mentioned already this evening—for her 12 years of service as chair of the Threatened Species Scientific Committee. I would also like to thank the outgoing members for TSSC for their commitment to support the activities of the committee.

I'm fortunate to chair a refreshed committee comprising 12 members, including myself. They are highly regarded experts in their field, covering disciplinary areas from population biology to plant, animal and marine interests to science policy integration. Three of these members are continuing appointments from the previous committee.

The TSSC is one of three statutory committees operating under the EPBC Act. We provide independent scientific advice to the minister on listing, conservation and recovery of threatened species and ecological communities and the listing and abatement of key threatening processes to those species and ecological communities. We have strong governance and procedures in place to uphold the integrity and independence of the committee that are laid down in the committee's terms of reference and engagement.

Since I've been appointed to the chair of the Threatened Species Scientific Committee, the committee has met five times. Our next meeting is on Wednesday, Thursday and Friday of this week. Twice we have met in person in Canberra. In this time, the Minister has made decisions on 52 species and one ecological community, and it has made or adopted six recovery plans. The committee now is working on a finalised priority assessment list and FPAL provided to us by the minister, of 176 species, ecological communities and key threatening processes. I, for one—and I'm sure I speak on behalf of the committee—am committed to providing scientific advice that puts in place strong legal protections for the unique species and places of this wonderful country of ours. Thank you.

CHAIR: Thank you. Senator Duniam, are you going first?

Senator DUNIAM: Thank you very much. Why don't we start with Professor Gordon? I wanted to ask about the work that the committee's doing around the maugean skate in particular. Obviously, there's a degree of interest around the state of the skate, and there are different views on its actual status. I was just wondering if you were aware of the work of UTAS conservation ecologist Professor Barry Brook?

Prof. Gordon: Yes, I am aware of that.

Senator DUNIAM: Professor Brook said that the reported outcomes of the 2023 population viability analysis—which your committee significantly relied upon—'was hampered by methodology that potentially overstated the decline in the skate population'. He specifically said that the results from the modelling were essentially, 'baked in by the choices made when selecting the baseline parameters for the 2023 PVA'. He went on to say:

This meant it was not predictive, and did not allow for proper assessment of either the causes of decline or the likely impact of conservation-management interventions.

In other words, the 2023 PVA's results were effectively a preordained outcome and cannot be relied upon to draw firm conclusions about the future of the Maugean skate.

Can I ask, as the chair of the committee, whether it is the view of the committee that these claims are valid?

Prof. Gordon: The PVA was done by a respected member of the committee, Colin Simpfendorfer, for the captive breeding program, and so it was used to inform that process.

Senator DUNIAM: Okay. But are you suggesting, then, that Professor Brook's claims—or the concerns he expresses—are recognised in what you're saying, because that related to the decisions leading to captive breeding, et cetera?

Prof. Gordon: No. The decisions that were made at the time were in relation to the captive breeding program, and that was what the PVA was there to provide advice and guidance upon. As with anything, we, as a committee, use information as it comes to hand to make determinations of what is the most effective advice and guidance that we can provide to the minister.

Senator DUNIAM: Okay—hence the extended time. The latest IMAS study, of course, points to a population increase for the skate. Why are there these discrepancies between the 2023 conservation, that study, and your 2023 conservation advice?

Prof. Gordon: Which study are you talking about?

Senator DUNIAM: The study that underpinned the initial advice that the minister has been operating on around the state of the skate.

Prof. Gordon: We are still in the process of developing the conservation advice and that has been now put out for public consultation. We have 247 responses. Those responses are, as we've heard already this evening, very complex in their nature. So we are taking those into account in terms of the development of the finalised conservation advice that will be provided to the minister—advice and guidance associated with the listing of the species.

Senator DUNIAM: I have a final question. We discussed with the departmental officials earlier the two separate processes relating to the same issue. The future of the skate obviously depends on a range of factors, potentially including salmon farming in Macquarie Harbour. The officials made it very clear that the two processes are not linked together, although the information in the 247 responses you've received might inform the decision-making. But it was made clear that a decision around the future of salmon farming could occur—and they were finalising advice—before the TSSC does its work. Does that undercut the work you're doing? Does that in any way concern you about the work that you're undertaking relating to the future of the skate?

Prof. Gordon: Basically, we have a role to play in assessing the scientific evidence that comes before us and providing advice and guidance to the minister on the listing of the species—whether it is listed as threatened or endangered or critically endangered—and the conservation advice and actions that will take place in relation to that. It is for the minister ultimately to make the decision. That is a matter of policy, and that is not something that we would consider.

Senator DUNIAM: Thank you very much, Professor.

Senator WHISH-WILSON: Professor Gordon, just for my benefit, how long have you been on the Threatened Species Scientific Committee?

Prof. Gordon: I've been chair of the committee since, I think, December 2023. I was not on the committee before that.

Senator WHISH-WILSON: You're saying you weren't on the committee before that?

Prof. Gordon: No. I've been on the committee for what's just coming up to a year.

Senator WHISH-WILSON: Going back to May and June of 2023, the maugean skate was nominated for an up-listing to critically endangered. The department began a process at that stage, and so did the Threatened Species Scientific Committee. Then the Threatened Species Scientific Committee released, on 16 August this year, a 43-page document which outlined its current advice. In that document the committee made it very clear that salmon farming in Macquarie Harbour was a key cause of the decline of the skate. It listed it as a catastrophic risk for the future of the skate. So I don't think there's any denying—you couldn't possibly be more clear about the science and the advice. Then it was quite surprising to many people when it was estimated there were between 40 and 120 adult skates left in the wild—that doesn't include juveniles. Are you able to tell us who did that assessment for the Threatened Species Scientific Committee and what their qualifications were?

Prof. Gordon: No, I'm not able to. I'll have to take that one on notice.

Senator WHISH-WILSON: You're not able to? Can you tell me what—

Prof. Gordon: In terms of the assessment of the number of skates, I'm not sure who did that, so I'll have to take that on notice.

Senator WHISH-WILSON: Could you take that on notice, or perhaps does anyone else want to answer?

Mr Knudson: Sorry; that's what I was just checking. We'll take it on notice as well.

Senator WHISH-WILSON: If you know the answer, I'd be pretty keen to know.

Mr Knudson: I don't know. That's why I was just checking.

Senator WHISH-WILSON: Perhaps Dr Fraser knows. Senator Duniam has mentioned an author of a report at UTAS who was paid by the salmon industry to analyse your report, so I'd be keen to know the qualifications of the people who worked on your population assessment.

Dr Fraser: The population viability analysis for the maugean skate was conducted by elasmobranch experts. They include Grant, Simpfendorfer and Moreno, and there's one more. Let me look it up.

Senator WHISH-WILSON: Certainly, some of the names you've ruled off there, like Simpfendorfer, are some of the most eminent scientists.

Dr Fraser: These are international experts in skates and rays who conducted the population viability analysis, correct.

Senator WHISH-WILSON: No doubt they would have known that this is a significant matter of public interest and would have been careful in their analysis.

Dr Fraser: Absolutely. That report was commissioned by the national recovery team for the maugean skate, which is chaired by the Tasmanian Department of NRE. It includes experts across the field of skates, but also other stakeholders involved in that work. I'll clarify. the report was prepared by Michael Grant and Colin Simpfendorfer with information from the University of Tasmania IMAS, including professor Jayson Semmens and David Moreno, who will be well known as maugean skate experts.

Senator WHISH-WILSON: I don't think that tonight is the forum to be saying, 'This scientist has said this, and this one has said this,' but I'm interested in the process of how you pulled this together. Now that there is additional information through the submissions process where the department is consulting—is it the TSSC that's consulting, or is it the department?

Dr Kiessling: In relation to listing assessments, the department undertakes consultation on behalf of the Threatened Species Scientific Committee, but it is the TSSC who is undertaking the assessment.

Senator WHISH-WILSON: Okay. You've got 247 submissions. We've heard tonight that you're going to be looking through those to see if there's any additional information that may better inform the document that was released on 16 August 2024, and that may take up to 12 months, depending on the process. I'm particularly interested in the timing of it taking up to 12 months, and how that was determined given the critical nature of the skate's latest population analysis.

Prof. Gordon: Basically, we have a robust discussion of any item that it is in the TSSC meetings, and this was no exception. There was a lot of discussion around what information was available, about what was necessary for us to come to a decision and about a determination of a timeframe over which that could be made. I heard you ask a question earlier about who made the original suggestion of 12 months, and there is not one person. We cannot say exactly who it was, because it was a determination that was made by the committee at the time. We wrote to the minister and asked her whether we could get an extension of up to 12 months, understanding full well that we would try and provide advice to the minister as soon as we can, in a timely fashion.

Senator WHISH-WILSON: 'In a timely fashion'—okay. I know you've got a lot on your plate. You've got 110 species identified in the threatened species action plan from 2022 to 2032, and there's lots of work to do in this area, but obviously this is a particularly critical situation with this listing. Plus, as we discussed earlier tonight, the minister does have another decision before her in relation to the court case. What happens now? Will the 43-page document released on 16 August in any way change final advice about the decision of whether the skate is listed as critically endangered? Will it incorporate new information, or will it stay the same?

Prof. Gordon: We take feedback through the consultation process very seriously for any of the species that we're dealing with. There have been a couple of additional pieces of evidence that have come up through that process which includes the work from UTAS. That is likely to mean there will be a revision of the conservation advice on the basis of the additional information that they've provided. As I said, we will do that in as timely a fashion as possible, and we will work out of session to try and get this across the line.

Senator WHISH-WILSON: Are you able to say which reports will be used as additional information? I know the salmon industry has leaked a couple to the media already. Is there anything in particular you're referring to?

Prof. Gordon: There is some additional information on a population assessment that is being done through UTAS.

Mr Knudson: Senator, if I may add a point of context?

Senator WHISH-WILSON: Yes please.

Mr Knudson: Normally, with any uplisting or listing decision we may get a handful of submissions. To put it into scope or perspective, the number that we're dealing with here is pretty much unprecedented—that we've had this many to a scientific process. I think that has got to have been part of the consideration, but I don't want to verbal the chair.

Senator WHISH-WILSON: I understand, and it's a good thing that people are. It's a significant matter of public importance.

Mr Knudson: And they're substantive submissions; they're not pro forma and stuff like that.

Senator WHISH-WILSON: In terms of the population assessment, the new information that's been provided by IMAS, do you expect the estimate of 40 to 120 adult skates to change? Prior to that, I thought there were a thousand. So 20 to 140 is a lot lower than I was expecting, based on previous information I'd read. I also read that a few years ago there were 3,200. These are still very, very low numbers. Are you expecting a substantial change to that original report from 16 August 2024?

Prof. Gordon: No. I would say that at the moment we're not expecting a substantial change to that number. Obviously, we need to review the documentation because all that we have is a verbal report [inaudible] rather than an ability to read the documentation. So the documentation will have to be read, and that's why we've considered that we need additional time to provide advice and guidance to the minister.

Senator WHISH-WILSON: Obviously, scientists have the scientific process where they often assess each other's work, critical thinking's applied and information's challenged. How are the scientists who are working on this holding up under the pressure? This is obviously also very political.

Prof. Gordon: Yes.

Senator WHISH-WILSON: Are they coping alright with the pressure and scrutiny they're receiving from the media?

Prof. Gordon: We're obviously very concerned about the impact that that has on scientists that are involved in decision making, and we're providing them with support to be able to deal with the pressure that is coming from the media on that. In the end, we understand that, working in the science policy interface, we're going to come up against issues, because not everyone is going to agree with the advice we provide. So, to a certain extent, it is expected there will be some challenge to the decisions that we make.

Senator WHISH-WILSON: Fair enough. Like I said, unlike for politicians, it's a part of a scientist's life that, when they publish papers, these things are scrutinised by their peers and colleagues. Are you able to tell me whether the oxygenation trials are new information? That trial or pilot program has been under way now over summer. Is that a new factor or new piece of information?

Prof. Gordon: Yes. There are new pieces of information coming to us all the time about the response of the water column to the oxygenation trials, and they are balanced. Obviously, we don't know the extent to which that oxygenation will impact on the skate population itself. It's a longer term thing, but we did get information on the impact that it has on the oxygen levels in the waters.

Senator WHISH-WILSON: This is my last question, because I know you've been very generous with your time. You may not be able to answer this, Professor, but I've visited the captive breeding program and I've seen for myself the success of that program. I understand one of the key factors in that success has been the diet of the skates. They've been fed a pretty good concoction which they won't get in the wild—that is my interpretation—and they're loving it. Will the success of the captive breeding program, in any way, have an impact on the assessment of the skates being endangered or not critically endangered because we've been able to grow them in a tank? Is this assessment in the wild, or does it include—

Prof. Gordon: Assessments are in the wild.

Senator WHISH-WILSON: So it doesn't include captivity.

Prof. Gordon: I might defer to Dr Kiessling, but, as far as I know, it doesn't include in-captivity. The captive populations are merely ensuring there are populations for the wild circumstance. As you quite rightly say, those captive breeding programs are done in a way which is optimising the performance of the individuals in the captive breeding colony.

Senator WHISH-WILSON: Do you have anything to add to that, Dr Kiessling? Is that correct?

Dr Kiessling: I can confirm it is in the wild. The captive breeding is obviously an important part of the reintroduction of species, but the assessment of the extinction risk of a species is in relation to its wild population.

Senator WHISH-WILSON: I promise that this is my last question. On that point, there has been another—I won't use the word 'spin'—point that's been raised by the salmon industry: that there potentially were skates in other wild places in Tasmania, like down to Bathurst Harbour. Is there any work going into trying to locate populations in those areas?

Dr Fraser: Yes, the department commissioned eDNA research, through the National Environmental Science Program, to see if the maugean skate still existed in Bathurst Harbour. The understanding was it had only ever been in Bathurst Harbour in very low numbers and hadn't been seen for quite some time. The eDNA research indicated that skate were very unlikely to still persist in Bathurst Harbour, but we would never say that is a 100 per cent certainty, and I understand some other parties may have commissioned eDNA research in Bathurst Harbour as well, following that, but I haven't heard any outcomes of that.

Senator WHISH-WILSON: That's it for me. Thank you.

CHAIR: Thank you, Professor Gordon. We appreciate your time this evening.

Senator DAVEY: I've got questions for Professor Gordon before he disappears.

CHAIR: Sorry, Senator Davey.

Senator DAVEY: Thank you very much, Professor Gordon. I appreciate the hour of the day, so I will try and be concise. Earlier, I asked the department about their nominations for listing—I've got to get my terminology right—draft conservation advice for the wetlands and the inner flood plains of the Macquarie Marshes, the Murray River downstream of the Darling River and associated aquatic flood plain systems as threatened ecological communities. My understanding is the TSSC have deemed that application as a priority last year for assessment in the period starting October 2023. This was previously listed in 2013, but that listing was overturned by parliament. Has anything, in your opinion, fundamentally changed since 2013 that would see this priority raised again, particularly given that, in the ensuing 10 years, there has been significant work on the management of, certainly, rivers in the Murray-Darling Basin in that intervening period?

Prof. Gordon: The committee was asked to look at this in 2023 as a matter of priority and we went out to public consultation, as you know. The question you asked relates to whether there's anything in addition to this. I would say that the focus on biodiversity and the impact that they are having on, particularly, issues around land management and climate impacts on the system is something that has become more apparent in recent years. So we need to take that into account when we are viewing the material on offer and making a determination as to what we advise the minister on these, particularly, in the ecological community.

Senator DAVEY: The potential listing of the river Murray from the Darling junction to the sea is an 800 to 900 kilometre stretch of river. What land area are we talking about? Are we talking about the river channel plus five kilometres, 10 kilometres or 20 kilometres each side? There's no clarity as to what sort of a land area, what riparian area, we're looking at for this listing.

Prof. Gordon: I would have to take that on notice. There is a land area that is associated with that in terms of the area of that ecological community, as its boundaries are pretty well defined.

Senator DAVEY: When considering these sorts of nominations, do you consider a risk matrix to look at the various threats? Obviously, we are not talking about a specific individual species; we are talking about a whole ecology. One issue—and you have mentioned this—is carp and another is the impact of cattle raising or, indeed, the impact of brown hares and rabbits on trampling the land area. When you are considering whether to list, is there consideration as to what other management practices might come into place? Because, you list it, that does not necessarily mean that you are addressing the problems; it just means that the area is listed and, in future, any landowner and any community that is located within the area—say, Renmark, Berry or Loxton—will need to consider the listing in their management practices, but you are still not addressing the carp, the rabbits, the pigs or the cows.

Mr Knudson: One of the main things that comes out of a listing decision is not only where the threats are but also what the beneficial actions are. That helps inform our program decisions. For example, the National Heritage Trust, where we put a billion dollars every five years, is informed by exactly that. So carp management, if that is one of the key things to improve something that is listed as endangered, that then gets taken into account. So it is not only the regulatory settings that we talked about earlier on. If you are an existing farm doing existing farming, this isn't going to change your life. What this is going to help with is figuring out how we can make a big difference, a positive difference, with respect to how we put our funding programs et cetera to make this difference possible.

Senator DAVEY: Mr Knudson, you made the point that it is not going to change your life, yet in the draft conservation advice for the Macquarie Marshes, on page 54, it specifically says that there are things that can be

undertaken, such as 'avoid grazing in areas with the threatened species or highly diverse native ground layers; minimise grazing when the soil is too wet or when plants are stressed by other pressures; fence to exclude stock and feral and native herbivores'. So there are proposals to change people's management practices.

Mr Knudson: Right, but you can't be compelled by regulation to do that. If you're a farmer who has had continuous use on that land and you're exempt from the act, for example, because that's the case for a lot of farmers around the country, then this does not impact your behaviour. What it does do, though, is—we talked earlier on about the Nature Repair Market— our intention with that legislation is that if you decide voluntarily to put up a fence and that has been determined to be beneficial to protecting species, then you'll be able to receive a certificate that you can then on-sell to the private sector, et cetera. It's just providing guidance on what would make a difference, but it's voluntary if you're not seeking to—

Senator DAVEY: So, if I want to increase my stocking rates, I can do that?

Mr Knudson: Yes. This is what I was saying. If you are continuing the use that you've been doing and you've been doing it since a time that predates the act, then you have an exemption from the act. This is the main thing that gets people most anxious: thinking that they're going to be subject to significant new regulation. It applies to someone who wants to do a new activity that is not continuing use and that is going to have those types of impacts. Then, for conservation advice, the minister needs to have regard to this but is not bound such that she cannot approve any action that is inconsistent with it.

Dr Kiessling: I'll add another thing that might assist with this conversation. You asked the question before about what 'the ecological community' relates to. I can tell you that it does include the river channel itself as well as the associated estuaries, lakes, streams, floodplains and wetlands; the woodlands, forests and shrublands; and the groundwater. As you say, there are hundreds of species and systems that make up that ecosystem. The point that I'd like to emphasise here is that the areas that are not part of the ecological community include agricultural and urban infrastructure areas on the floodplain and other landscapes that have historically been heavily modified by clearing or are so badly degraded that the natural characteristics of the area have been lost. I think that's an important point in terms of the issues that you're raising. Where there are existing agricultural and urban infrastructure areas on the floodplain, they are not considered part of the ecological community.

Senator DAVEY: In the case of the Macquarie Marshes, for example, there are large-scale irrigation blocks, and there is also heavy floodplain grazing that occurs. You're saying they would be outside the listing?

Dr Kiessling: The ecological community that I just described was the Darling to the sea. That was that ecological community. In terms of the Macquarie Marshes, the area that is covered there is the collection of the plants and animals that occur on the wettest, most inundated parts of the Macquarie Marshes. The ecological community is a mix of wetland vegetation types that include the open water bodies, seasonal and intermittent wetlands, shrubland wetlands and river red gum woodlands. The areas that are not part of the Macquarie Marshes ecological community include the native vegetation of the outer flood plains, such as the coolibah-black box woodlands; dry land native vegetation, such as the weeping myall woodlands and others; and, once again, landscapes that are heavily modified by clearing or are so badly degraded that the natural characteristics of the area have been lost.

Senator DAVEY: Interesting. Is any consideration given by either federal or state governments, when considering these nominations, to how many other separate environmental acts or regulations apply over the areas?

Mr Knudson: One thing that was begun by the last government was trying to align assessment determinations between jurisdictions so you didn't have an inconsistency. That exists with New South Wales. Indeed, increasingly, the listing assessments are coming from the states and territories. So it's done very consciously, with the mind that this is a decision about what needs to be protected, but then it goes into the respective regulatory decision-making systems. That's New South Wales and South Australian environmental regulation as well as the Commonwealth. As we've talked about before, the Commonwealth is restricted to matters of national environmental significance, whereas the state regulates everything. We have all sorts of ways to try and manage that, through assessment bilateral agreements et cetera to try and minimise the impact on the landholder, for example. So, yes, it is done very consciously, but I want to flag this idea of integrated assessments. We've just got the last state and territory to sign up to that, so we now have all jurisdictions signed up to this common assessment methodology, which is a really big step forward to dealing with the issue that you're talking about.

CHAIR: That concludes today's hearing. Thank you, Professor Gordon. We appreciate your time this evening. I'd like to thank all of the witnesses who appeared today. Thank you to Broadcasting and Hansard and to the

secretariat for all of their assistance. Any written questions on notice should be lodged with the secretariat by 14 November.

Committee adjourned at 23:00